

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☒**APPLICATION FOR PERMIT TO DRILL****1. WELL NAME and NUMBER**
Ginger #1**2. TYPE OF WORK**DRILL NEW WELL ☒ REENTER P&A WELL ☐ DEEPEN WELL ☐**3. FIELD OR WILDCAT**

WILDCAT

4. TYPE OF WELL

Oil Well Coalbed Methane Well: NO

5. UNIT or COMMUNITIZATION AGREEMENT NAME**6. NAME OF OPERATOR**

SUE-ANN OPERATING, LC

7. OPERATOR PHONE

361 576-6090

8. ADDRESS OF OPERATOR

PO Box 3910, Victoria, TX, 77903

9. OPERATOR E-MAIL

jrgayle@saolc.com

**10. MINERAL LEASE NUMBER
(FEDERAL, INDIAN, OR STATE)**
ML-49049**11. MINERAL OWNERSHIP**FEDERAL ☐ INDIAN ☐ STATE ☒ FEE ☐**12. SURFACE OWNERSHIP**FEDERAL ☐ INDIAN ☐ STATE ☐ FEE ☒**13. NAME OF SURFACE OWNER (if box 12 = 'fee')**

Richard Roach

14. SURFACE OWNER PHONE (if box 12 = 'fee')

423-689-2416

15. ADDRESS OF SURFACE OWNER (if box 12 = 'fee')

1334 Stuart St. , ,

16. SURFACE OWNER E-MAIL (if box 12 = 'fee')**17. INDIAN ALLOTTEE OR TRIBE NAME
(if box 12 = 'INDIAN')**
NA**18. INTEND TO COMMINGLE PRODUCTION FROM
MULTIPLE FORMATIONS**YES ☐ (Submit Commingling Application) NO ☒**19. SLANT**VERTICAL ☒ DIRECTIONAL ☐ HORIZONTAL ☐**20. LOCATION OF WELL****FOOTAGES****QTR-QTR****SECTION****TOWNSHIP****RANGE****MERIDIAN****LOCATION AT SURFACE**

845 FNL 1100 FEL

SENE

2

6.0 S

25.0 E

S

Top of Uppermost Producing Zone

845 FNL 1100 FEL

SENE

2

6.0 S

25.0 E

S

At Total Depth

845 FNL 1100 FEL

SENE

2

6.0 S

25.0 E

S

21. COUNTY

UINTAH

22. DISTANCE TO NEAREST LEASE LINE (Feet)

845

23. NUMBER OF ACRES IN DRILLING UNIT

514

**25. DISTANCE TO NEAREST WELL IN SAME POOL
(Applied For Drilling or Completed)**

0

26. PROPOSED DEPTH

MD: 2000 TVD: 2000

27. ELEVATION - GROUND LEVEL

5877

28. BOND NUMBER

RLB0013182

**29. SOURCE OF DRILLING WATER /
WATER RIGHTS APPROVAL NUMBER IF APPLICABLE**
Vernal Municipal / Dalbo**ATTACHMENTS****VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES**

WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER



COMPLETE DRILLING PLAN



AFFIDAVIT OF STATUS OF SURFACE OWNER AGREEMENT (IF FEE SURFACE)



FORM 5. IF OPERATOR IS OTHER THAN THE LEASE OWNER

DIRECTIONAL SURVEY PLAN (IF DIRECTIONALLY OR HORIZONTALLY
DRILLED)

TOPOGRAPHICAL MAP

NAME Ginger Bowden**TITLE** Agent**PHONE** 435 789-4162**SIGNATURE****DATE** 04/24/2010**EMAIL** gs_paradigm@yahoo.com**API NUMBER ASSIGNED**
43047510970000**APPROVAL**

Permit Manager

Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Surf	12.25	8.625	0	600		
Pipe	Grade	Length	Weight			
	Grade J-55 ST&C	600	24.0			

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Proposed Hole, Casing, and Cement						
String	Hole Size	Casing Size	Top (MD)	Bottom (MD)		
Prod	7.875	5.5	0	2000		
Pipe	Grade	Length	Weight			
	Grade J-55 LT&C	2000	15.5			

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Ten Point Plan
Ginger #1
Section 2, T6S, R25E, S.L.B. & M. Uintah County

1. Surface Formation – Shinarump**2. Estimated Formation Tops and Datum:**

Formation	Depth	Datum
Shinarump	Surface	+5,877' G.L.
Anhydrite	300'	+5,577'
Phosphoria	600'	+5,277'
Weber	750'	+5,127'
TD	2,000'	+3,877'

3. Producing Formation Depth:

Formation objective – Weber sand

4. Proposed Casing and Cement:Casing Program

<u>HOLE SIZE</u>	<u>CSG. SIZE</u>	<u>#/ Ft.</u>	<u>GRADE</u>	<u>CONNECTION.</u>	<u>DEPTH</u>	<u>CONDITION</u>
12 1/4"	8 5/8"	24	J-55	ST&C	600'	New
7 7/8"	5 1/2"	15.50	J-55	LT&C	T.D.	New

Cementing Program

<u>SECTION</u>	<u>INTERVAL</u>	<u>HOLE SIZE</u>	<u>CSG SIZE</u>	<u>SLURRY</u>
Surface	0 - 600'	12 1/4"	8 5/8"	Lead: 140 sx Light Premium Plus 'V' + 2 % CaCl ₂ + .125 pps Cello Flake <i>Wt: 12.8 ppg Yld: 1.79 ft³ / sx</i> Tail: 220 sx Premium Plus 'V' + 2 % CaCl ₂ + .125 pps Cello Flake <i>Wt: 15.6 ppg Yld: 1.20 ft³ / sx</i> Volume calculated on 100% excess
Production	0-TD	7 7/8"	5 1/2"	Lead: 300 sx Premium AG (or equivalent) + 10% Cal-Seal 60 (or equivalent) + 1% CaCl ₂ + .125 pps Cello Flake <i>Wt: 14.20 ppg Yld: 1.61 ft³ / sx</i> Volume calculated on 25% excess in open hole

5. BOP and Pressure Containment Data:

The anticipated bottom hole pressure will be less than 2000 psi.

A 2000 psi WP BOP system as described in the BOP and Pressure Containment Data will be installed and maintained from the 8 5/8" surface casing. The BOP system including the casing will be tested to minimum standards set forth in "On Shore Order #2". The BOP will be mechanically checked daily during drilling operations.

Stack: 2M SAG

6. Mud Program:

<u>INTERVAL</u>	<u>MUD WEIGHT</u> <u>lbs./gal.</u>	<u>VISCOSITY</u> <u>Sec / Qt</u>	<u>FLUID LOSS</u> <u>ml / 30 mins.</u>	<u>MUD TYPE</u>
0-600	Air/Mist	No control	No control	
600-1400*	Air/ Mist	No control	No control	
1400-TD**	8.8-9.2	34	8-10	Water / Gel

*If Phosphoria or Weber produces oil, go to water based mud

**Mud-up at 1400' for logs

7. Auxiliary Equipment:

Upper Kelly cock, full opening stabbing valve, and choke manifold

8. Testing, Coring, Sampling and Logging:

- a) Test: Not Planned
- b) Mudlog: Onsite from 500' to TD.
- c) Coring: Not Planned
- d) Sampling: Every 10' from 550' to T.D.
- e) Logging:

Type	Interval
Triple Combo	every 10'
Dipmeter	T.D. to Surf. Csg

9. Abnormalities (including sour gas):

Possible oil shows in Phosphoria and Weber.

10. Drilling Schedule:

The anticipated starting date is May 15, 2010. Duration of operations is expected to be 30 days.

1. Existing Roads:

Sue-Ann Operating, L.C.
WELL PAD Ginger #1
Section 2, T6S, R25E
Uintah County, UT

From Jensen, UT, proceed in an easterly direction along US Highway 40 approximately 13.4 miles to the junction of this road and an existing road to the north. Exit left. Proceed in a northeasterly direction approximately 3.1 miles to the junction of this road and an existing road to the east (Kay Ranch Road). Exit right and proceed in an easterly direction approximately 3.6 miles to the beginning of the proposed access road. Follow road flags in an easterly, then southerly direction to the proposed location.

Total distance from Jensen, UT to the proposed well location is approximately 20.3 miles in an Easterly direction.

All existing roads to the proposed location are State of Utah, BLM maintained or County Class D roads.

Please see the attached map for additional details.

2. Planned access road

The proposed access road will be approximately 1,390 feet. The road will be graded once per year minimum and maintained.

- A) Approximate length.....1,390 ft
- B) Right of Way width.....30 ft
- C) Running surface.....18 ft
- D) Surface material.....Native soil
- E) Maximum grade.....8%
- F) Fence crossing.....None
- G) Culvert.....None
- H) Turnouts.....None
- I) Major cuts and fills.....None
- J) Road Flagged.....Yes
- K) Access road surface ownership.....Fee
- L) All new construction on lease.....Yes
- M) Pipe line crossing.....No

Please see the attached location plat for additional details.

An off lease right-of-way will not be required.

All surface disturbances for the road and location will be within the lease boundary.

3. Location of existing wells

The following wells are located within a one-mile radius of the location site.

A) Producing well.....	None
B) Water well.....	None
C) Abandoned well.....	Drill Holes
D) Temp. abandoned well.....	None
E) Disposal well.....	None
F) Drilling /Permitted well.....	None
G) Shut in wells.....	None
H) Injection well.....	None
I) Monitoring or observation well.....	None

Please see the attached map for additional details.

4. Location of tank batteries, production facilities and production gathering service lines.

All production facilities are to be contained within the proposed location site. Please see the attached plat plan for a typical gas well separator installation and well site piping.

All permanent (on site for more than six months or longer) structures constructed or installed will be painted a color determined by the AO. Facilities required to comply with O.S.H.A. (Occupational Safety and Health Act) will be excluded.

All tanks will be surrounded by a dike of sufficient capacity to contain the storage capacity of the largest tank in the battery. The integrity of the dike will be maintained.

All off lease storage, off lease measurement, commingling on lease or off lease, of production, will have prior written approval from the authorized officer.

If the well is capable of economic production a gas line will be required. A sundry notice will be filed in the event a pipeline is necessary.

5. Location and type of water supply

Water for drilling and cementing will come from a municipal source at Dalbo Trucking in Vernal, UT.

6. Source of construction materials

All construction material for this location site and access road shall be barrow material accumulated during construction of the location site and access road. Additional road gravel or pit lining material will be obtained from private resources.

7. Methods for handling waste disposal

A) Pit construction and liners:

A closed system will be used to drill the well. All fresh water for drilling will come from a frac tank placed on location and from the rig tank.

B) Produced fluids:

Produced water will be confined to a storage tank for a period not to exceed 90 days after initial production. During the 90-day period an application for approval for permanent disposal method and location will be submitted to the authorized officer. Onsite evaporation may be used instead of trucking to facilitate closing and reclamation of the reserve pit. A pumping system would be used for evaporation.

C) Garbage:

A trash cage fabricated from expanded metal will be used to hold trash on location and will be removed to an authorized landfill location.

D) Sewage:

A portable chemical toilet will be supplied for human waste.

E) Site clean-up:

After the rig is moved off the location the well site area will be cleaned and all refuse removed.

8. Ancillary facilities

There are no ancillary facilities planned at this time and none are foreseen for the future.

9. Well-site layout

Location dimensions are as follows:

A) Pad length.....	220 ft.
B) Pad width.....	150 ft.
C) Pit depth.....	8 ft.
D) Pit length.....	85 ft.
E) Pit width.....	25 ft.
F) Max cut.....	5.0 ft.
G) Max fill.....	4.9 ft.
H) Total cut yards.....	1,760
I) Pit location.....	NE end
J) Top soil location.....	West end
K) Access road location.....	North end
L) Flare Pit.....	Corner C

Please see the attached location diagram for additional details.

All pits will be fenced according to the following minimum standards:

- A) Thirty nine inch net wire shall be used with at least one strand of wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.
- B) The net wire shall be no more than 2 inches above the ground. The barbed wire shall be 3 inches above the net wire. Total height of the fence shall be at least 42 inches.
- C) Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
- D) Standard steel, wood or pipe posts shall be used between the corner braces. Maximum distance between any two posts shall be no greater than 16 ft.
- E) All wire shall be stretched by using a stretching device before it is attached to the corner posts.

10. Plans for restoration of the surface

Prior to construction of the location, the top 6 inches of soil material will be stripped off the location and the pit area. The topsoil removed and piled will amount to approximately **1,760** cubic yards of material.

Topsoil will be stockpiled in one distinct pile. Placement of the topsoil is noted on the attached location plat. The topsoil pile from the location will be seeded as soon as the soil is stock piled with the seed mix listed. The unused portion of the location (the area outside the dead men) will be re-contoured.

The dirt contractor will be provided with an approved copy of the surface use plan prior to construction activities.

Changes to the drainage during the construction activities shall be restored to its original line of flow or as near as possible when the pit is back-filled.

All disturbed areas will be re-contoured to the approximate natural contours.

Diversion ditches and water bars will be used to divert the run off as needed.

When restoration activities have been completed, the location site and new access road cuts and shoulders shall be reseeded. Prior to reseeding, all disturbed areas will be scarified and left with a rough surface.

A) Seeding dates:

Seed will be spread when topsoil is stock piled and when reclamation work is performed.

The seed mix and quantity list will be used whether the seed is broadcast or drilled.

B) Interim Seed Mix

To be determined by the AO and the private land owner.

11. Surface ownership:

Access road.....Fee/Federal
Location.....Fee
Pipeline.....Not applicable at this time

12. Other information:

A) Vegetation

The vegetation coverage is consistent with that of a highland desert. The majority of the existing vegetation consists of sagebrush, and native grasses.

B) Dwellings:

There are **no** dwellings or other facilities within a one-mile radius of the location.

C) Archeology:

The location will not be surveyed.

If, during operations, any archaeological or historical sites, or any objects of antiquity (subject to the antiquities act of June 8, 1906) are discovered, all operations, which would affect such sites, will be suspended and the discovery reported promptly to the surface management agency.

D) Water:

The nearest water is the Green River located 20miles +/- to the west.

E) Chemicals:

No pesticides, herbicides or other possible hazardous chemicals will be used without prior approval.

F) Notification:

a) Location Construction

At least forty eight (48) hours prior to construction of location and access roads.

b) Location completion prior to moving on the drilling rig.

c) Spud notice

At least twenty-four (24) hours prior to spudding the well.

d) Casing string and cementing

At least twenty-four (24) hours prior to running casing and cementing all casing strings.

e) BOP and related equipment tests

At least twenty-four (24) hours prior to initial pressure tests.

f) First production notice

Within five (5) business days after the new well begins, or production resumes after well has been off production for more than 90 days.

g) Local fire authorities will be notified.

13. Lessees or Operator's representative and certification:

A) Representative

Ginger Bowden
Paradigm Consulting
PO BOX 790203
Vernal, UT 84079

Office 435-789-4162
Cellular 435-790-4163

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, onshore oil and gas orders, and any applicable notices to lessees. The operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

This drilling permit will be valid for a period of one year from the date of approval. After permit termination, a new application will be filed for approval for any future operations.

B) Operators Certification:

I hereby certify that I, or someone under my direct supervision, have inspected the proposed drill-site and access route proposed herein; that I am familiar with the conditions which currently exist, that I have full knowledge of state and federal laws applicable to this operation; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it approved. I also certify that I or the company I represent, am responsible for the operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for filing of a false statement.

Executed this 24th day of April, 2010.

Name: Ginger Bowden

Position Title: Agent

Address: PO BOX 790203 Vernal, UT 84079

Telephone: 435-789-4162

Onsite Dates: To be announced

Self Certification Statement

The following self-certification statement is provided per Federal requirements dated June 15, 1988.

Please be advised Sue-Ann Operating, L.C. is considered to be the operator of the following well:

**Ginger #1
Section 2, T. 6S, R. 25E
Lease: ML-49049
Uintah County, Utah**

Sue-Ann Operating, L.C. is responsible under the terms and conditions of the lease for the operations conducted upon the lease lands.

Bond RLB0013182 provides state-wide bond coverage.

Date 04/24/2010

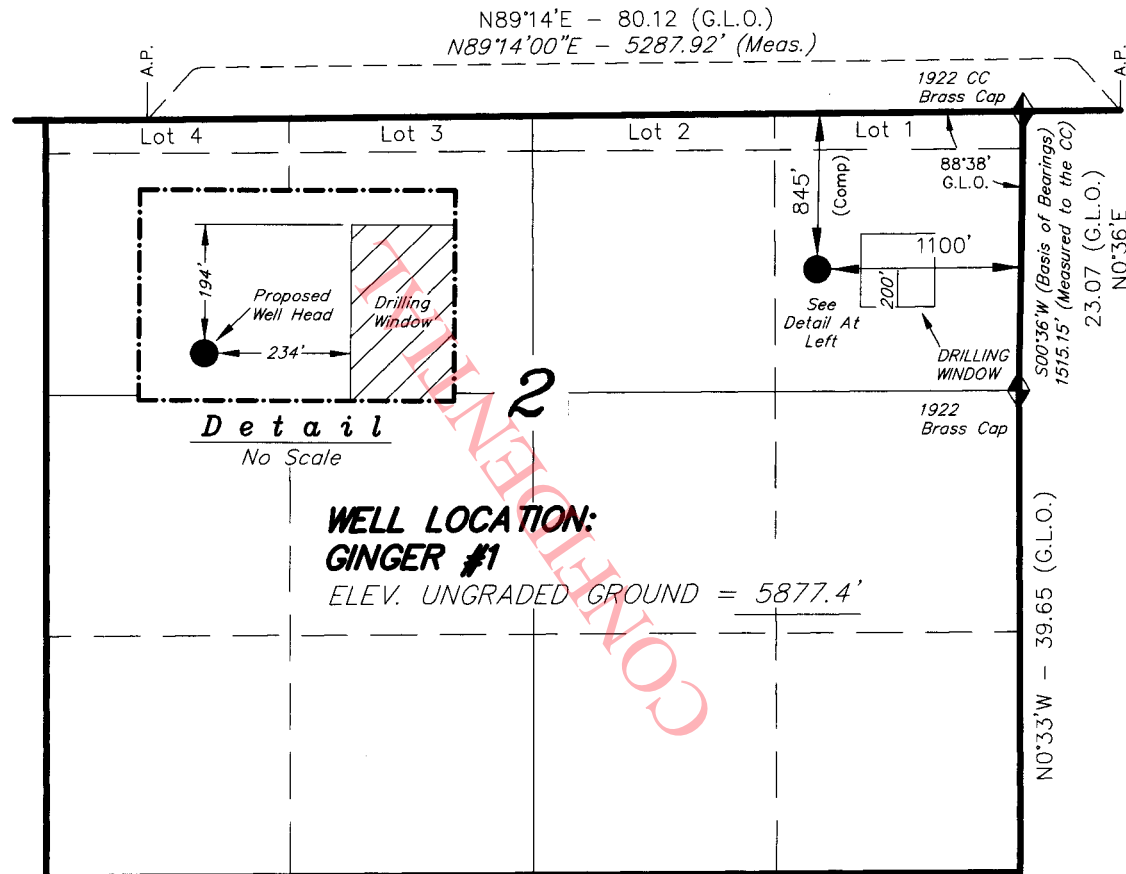
Name: Ginger Bowden

Title: Agent

T6S, R25E, S.L.B.&M.

SUE-ANN OPERATING L.C.

WELL LOCATION, GINGER #1, LOCATED AS SHOWN IN THE SE 1/4 NE 1/4 OF SECTION 2, T6S, R25E, S.L.B.&M. UTAH COUNTY, UTAH.

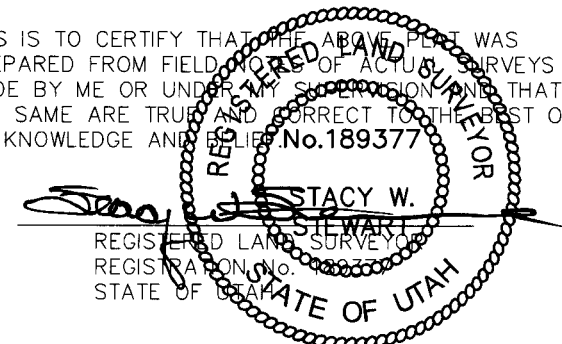


Note:

The Proposed Well head bears N59°04'10"W 1274.34' from the East 1/4 Corner of Section 2.



THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



◆ = SECTION CORNERS LOCATED

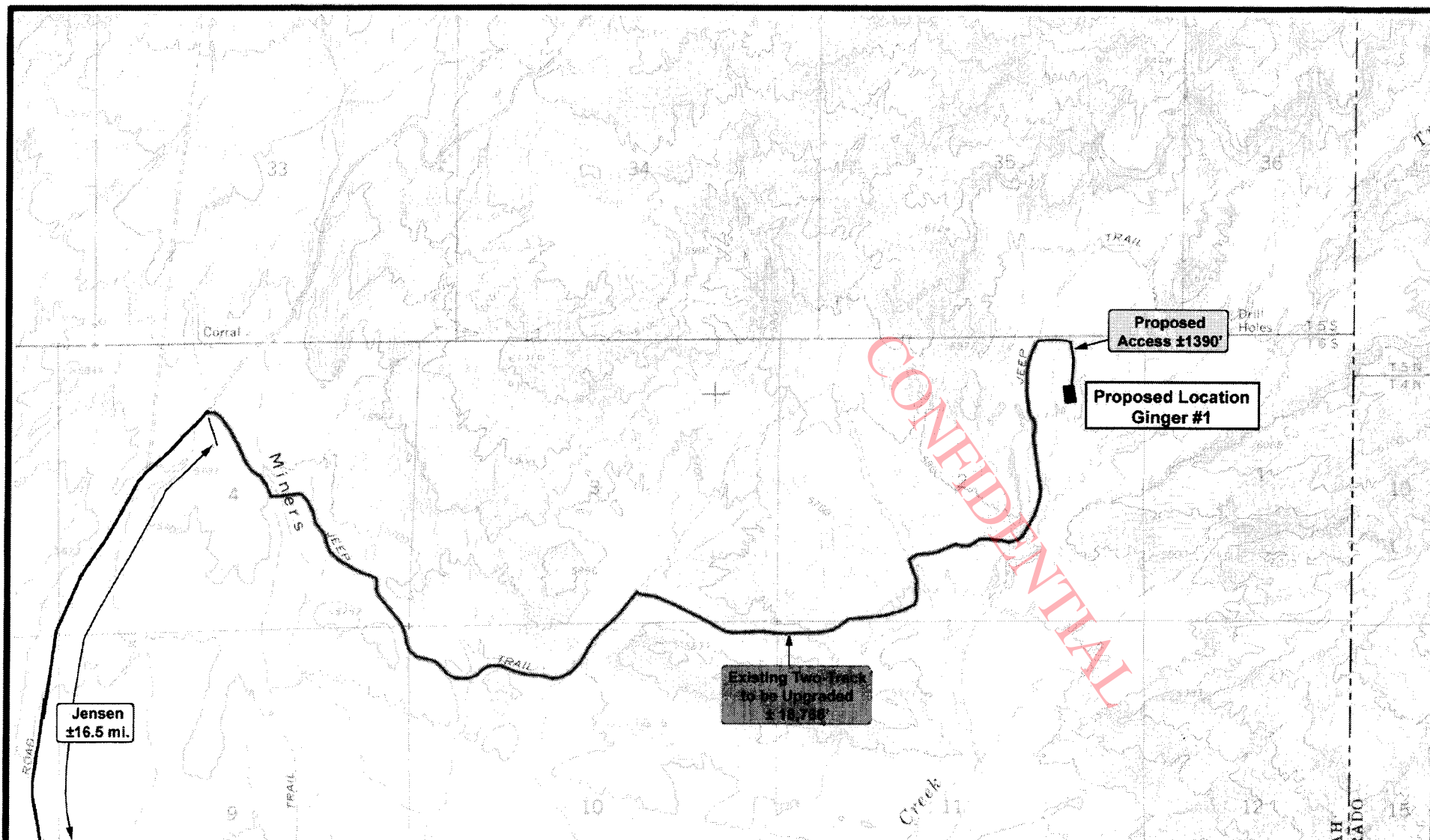
BASIS OF ELEV;
U.S.G.S. 7-1/2 min QUAD (SNAKE JOHN REEF)

GINGER #1
(Surface Location) NAD 83
LATITUDE = 40° 20' 01.36"
LONGITUDE = 109° 03' 56.55"

TRI STATE LAND SURVEYING & CONSULTING

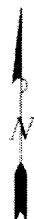
180 NORTH VERNAL AVE. - VERNAL, UTAH 84078
(435) 781-2501

DATE SURVEYED: 02-13-10	SURVEYED BY: PAUL
DATE DRAWN: 02-14-10	DRAWN BY: F.T.M.
REVISED: 04-21-10 - M.W.	SCALE: 1" = 1000'



Sue-Ann Operating, L.C.

Ginger #1
SEC. 2, T6S, R25E, S.L.B.&M.



Tri-State
Land Surveying Inc.
 (435) 781-2501
 180 North Vernal Ave. Vernal, Utah 84078

SCALE: 1" = 2,000'

DRAWN BY: JAS

DATE: 04-20-2010

Legend	
	Existing Road
	Proposed Access
	Existing Two-Track

TOPOGRAPHIC MAP

"B"

Notes

Contractor to field design culverts and road side drainage relief along existing two-track, and proposed access road.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 5

DESIGNATION OF AGENT OR OPERATOR

The undersigned is, on record, the holder of oil and gas lease

LEASE NAME: _____

LEASE NUMBER: ML-49049

and hereby designates

NAME: Sue-Ann Operating, L.C.ADDRESS: PO BOX 77903city Victoria state TX zip 77903

as his (check one) agent ☐ / operator ☐, with full authority to act in his behalf in complying with the terms of the lease and regulations applicable thereto and on whom the Division Director or Authorized Agent may serve written or oral instructions in securing compliance with the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah with respect to:

(Describe acreage to which this designation is applicable. Identify each oil and gas well by API number and name. Attach additional pages as needed.)

Sec. 2, T4S, R25E
Ginger #1
API:

It is understood that this designation of agent/operator does not relieve the lessee of responsibility for compliance with the terms of the lease and the Oil and Gas Conservation General Rules and Procedural Rules of the Board of Oil, Gas and Mining of the State of Utah. It is also understood that this designation of agent or operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated agent/operator, the lessee will make full and prompt compliance with all rules, lease terms or orders of the Board of Oil, Gas and Mining of the State of Utah or its authorized representative.

The lessee agrees to promptly notify the Division Director or Authorized Agent of any change in this designation.

Effective Date of Designation: _____

BY: (Name) John S. Rutherford
(Signature) [Signature]
(Title) Vice President
(Phone) 432-684-3727

OF: (Company) Parallel Petroleum LLC
(Address) 1004 N. Big Springs ST
city Midland
state TX zip 79701

PARADIGM CONSULTING, INC

**PO BOX 790203
VERNAL, UT 84079
435-790-4163**

May 10, 2010

RE: Sue-Ann Operating, L.C.
Ginger #1
Sec. 2, T6S, R25E

Utah Division of Oil, Gas and Mining
1549 West North Temple, Suite 1210
PO BOX 145801
SLC, UT 84114

Dear Sir or Madam,

Sue-Ann Operating, L.C. respectfully requests a spacing exception for the subject well. The well has been moved from the center of the forty-acre spacing.

The well is located at 845' FNL & 1,100' FEL, which has changed from the proposed location at 667' FNL & 552' FEL.

The location was moved because the original location access road Right-of-Way request was denied by the BLM (due to a wilderness study area). The operator would have to cross a wash approximately 60' wide to access the location without the Right-of-Way from the BLM.

Sue-Ann Operating, L.C. is the only lease owner within a 460' radius.

If you have additional questions please feel free to contact me.

Best regards,

Ginger Bowden, Agent

API Number: 4304751097

Well Name: Ginger #1

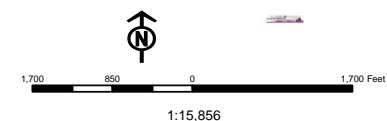
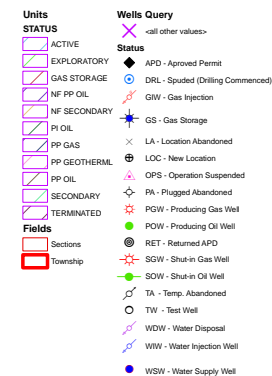
Township 06.0 S Range 25.0 E Section 2

Meridian: SLBM

Operator: SUE-ANN OPREATING, LC

Map Prepared:

Map Produced by Diana Mason



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Utah Division of Water Rights



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ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator	SUE-ANN OPERATING, LC				
Well Name	Ginger #1				
API Number	43047510970000	APD No	2578	Field/Unit	WILDCAT
Location: 1/4,1/4	SENE Sec 2 Tw 6.0S Rng 25.0E 845 FNL 1100 FEL				
GPS Coord (UTM)	664374 4466354	Surface Owner	Richard Roach		

Participants

Floyd Bartlett (DOGM), Ginger Stringham (Paradime Consulting), Gary Gerber (Stubbs and Stubbs Construction)

Regional/Local Setting & Topography

The general area is in Trail Creek which is a small sub-drainage of Cliff Creek which drains westerly approximately 15 miles into the Green River about 1 mile north of Jensen, UT. The Colorado State line is approximately ¼ miles to the east. Most drainages are ephemeral, however Trail Creek may have intermittent flows and Cliff Creek becomes perennial the last few miles. Seeps and springs exist in some drainages in the area but none were noted within at least 1/2 mile from the proposed location. Access from Jensen, Utah will be over State Highway 40, a distance of 12.4 miles and Uintah County roads for about 4.1 miles. Approximately 18, 768 feet of existing two-track road will be upgraded and about 1,290 feet of new road constructed.

SUE-ANN OPERATING, LC, proposes the Ginger #1 shallow oil well. It will be drilled to a depth of 2000 feet using an air-drilling rig. The specific location is on a flat with a gentle slope to the south. The flat extends about ½ mile to the north where an abrupt change in topography occurs and becomes a steep rocky mountain which is the south end of Blue Mountain. Deep washes border the site on the west and east. The gully on the east is approximately 25 feet deep and 30 feet wide. This prohibits access from that side and drilling the well in the normal drilling window. Three or four minor gullies intersect the location in a north to south direction. They will be diverted around the pad both to the west and east continuing to the south. No significant stability problems are anticipated with the construction and operation of the location.

Mr. Richard Roach of Chattanooga, Tenn. (423-698-2416) owns the surface. A Surface Use Agreement has not been obtained. I called him on May 26, 2010 to inform him of and invite him to a pre-site visit. He said he would not attend. Also that a Surface Use Agreement had not been signed by him and that he would not sign one. The Minerals are SITLA. Mr. Jim Davis of SITLA was invited to the pre-site but said SITLA would not attend.

Surface Use Plan

Current Surface Use

Grazing
Recreational
Wildlife Habitat

New Road Miles

3.7

Well Pad

Width 150 Length 220

Src Const Material

Onsite

Surface Formation

UNTA

Ancillary Facilities N

Waste Management Plan Adequate?

Environmental Parameters

Affected Floodplains and/or Wetlands N

Flora / Fauna

Poorly vegetated desert shrub type. Greasewood, big sage brush, broom snake weed, cheat grass, bud sage, poa sp. Western wheatgrass, sego lilly, onions and spring annuals are present.

Pronghorn, rodents, rabbits, songbirds, raptors, elk, deer, bobcat, coyote. Possible winter sheep grazing.

Soil Type and Characteristics

Very deep sandy loam surface

Erosion Issues Y

Sedimentation Issues Y

Three or four minor gullies intersect the location in a north to south direction. The will be diverted around the pad both to the west and east continuing to the south.

Site Stability Issues N

Drainage Diversion Required? Y

Three or four minor gullies intersect the location in a north to south direction. The will be diverted around the pad both to the west and east continuing to the south.

Berm Required? N

Erosion Sedimentation Control Required? Y

Three or four minor gullies intersect the location in a north to south direction. The will be diverted around the pad both to the west and east continuing to the south.

Paleo Survey Run? N Paleo Potental Observed? N Cultural Survey Run? N Cultural Resources?

Reserve Pit

Site-Specific Factors

Distance to Groundwater (feet)	75 to 100	Site Ranking	10
Distance to Surface Water (feet)	>1000		0
Dist. Nearest Municipal Well (ft)	>5280		0
Distance to Other Wells (feet)	>1320		0
Native Soil Type	High permeability		20
Fluid Type	Air/mist		0
Drill Cuttings	Normal Rock		0
Annual Precipitation (inches)	<10		0
Affected Populations	<10		<10
Presence Nearby Utility Conduits	Not Present		0
	Final Score		30

1 Sensitivity Level

Characteristics / Requirements

Although the well will be drilled using a rotary air drill, a small lined reserve pit is planned in the northeast corner of the location. Dimensions are 25' x 85' x 8' deep. It will be used for drilling lubricating fluids as needed or to catch any surface flows that may be encountered.

As minimum a 8-mil liner is required. A subliner may not be needed for the reserve pit.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 8 Pit Underlayment Required?

Other Observations / Comments

Because of the agreement SUE-ANN PRODUCTION. with the mineral lessee, the well must be drilled prior to June 30, 2010 to exercise their agreement.

Floyd Bartlett
Evaluator

6/1/2010
Date / Time



Holme Roberts & Owen LLP
Attorneys at Law

SALT LAKE CITY

June 8, 2010

VIA HAND DELIVERY

BOULDER

Mr. Brad Hill
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84116

COLORADO SPRINGS

Re: Affidavit for surface bonding in lieu of surface agreement for the
Ginger #1 well APD (API No. 43-047-51097)

DENVER

Dear Mr. Hill:

DUBLIN

LONDON

LOS ANGELES

MUNICH

Ginger Bowden of Sue-Ann Operating LC requested that I send you a copy of the recorded affidavit regarding their intent to provide a surface bond due to the inability to reach a surface use agreement with the surface owner. I have also included a copy of the letters that have been sent to provide notice directly to the surface owner, K Ranch, LLC/Mr. Richard Roach and to their attorney, Mr. Nathan Kever. As stated in the letter to Ms. Garrison and the attached affidavit for the now abandoned location for the Trail Creek Anticline #1-2-6-26 well (API No. 43-047-38324), numerous attempts were made to reach a surface use agreement with Mr. Roach. Subsequently, Mr. Roach has expressed that he has no interest in negotiating a surface use agreement with Sue-Ann Operating LC for the Ginger # 1 well that will be drilled in place of the Trail Creek well which is to be located 845' FNL and 1,100' FEL in Section 2, T6S, R25E, SLM. This location is 548' to the east and 178' farther to the south than the Trail Creek well. Please let me know if there is anything else that I can provide for your files.

Sincerely,

PHOENIX

David B. Hubbell

SAN FRANCISCO

RECEIVED
JUN 08 2010
DIV. OF OIL, GAS & MINING

WHEN RECORDED, RETURN TO:

Gus A. Wulfman
P.O. Box 47
Amarillo, Texas 79105

Entry 2010004698
Book 1192 Page 515-516 \$12.00
26-MAY-10 01:21
RANDY SIMMONS
RECORDER, UTAH COUNTY, UTAH
HOLME ROBERTS & OWEN LLP
299 SOUTH MAIN STREET STE 1800 SLC UT 84
Rec By: HEATHER COON , DEPUTY

AFFIDAVIT

Entry 2010004698
Book 1192 Page 515

GUS A. WULFMAN, being first duly sworn upon his oath, deposes and says:

1. I am over the age of 21 and make this Affidavit upon personal knowledge of the documents referenced herein as they appear in the Uintah County Recorder's Office.
2. I am a landman having over 12 years of experience, including over 6 years of work involving lands in Uintah County, Utah, and documents recorded in the Uintah County Recorder's Office.
3. This Affidavit pertains to real property located in Uintah County, Utah, more particularly described as:

Township 6 South, Range 25 East, SLM
Section 2: Lot 1, Lot 2, NE¼

(hereinafter, the "Subject Lands")

4. The Utah School and Institutional Trust Lands Administration ("Trust Lands") is the owner of the mineral interests underlying the Subject Lands, including oil, gas, and hydrocarbons. Trust Lands obtained title to the mineral interests effective January 25, 1927, as confirmed by Patent No. 43-65-0173 dated April 27, 1965 and recorded in the Uintah County Records on June 28, 1965 in Book 124, Page 346.

5. Parallel Petroleum LLC (formerly Parallel Petroleum Corporation) is the owner of that Oil, Gas & Hydrocarbon Lease ML-49049 ("Lease") issued by Trust Lands and conveying to it rights and interests in Trust Lands' oil, gas and hydrocarbons underlying the Subject Lands.

6. By State Patent No. 18931 dated October 30, 1999 and recorded in the Uintah County Records on November 8, 1999 in Book 494, Page 236, Trust Lands conveyed the surface of the Subject Lands into fee ownership. Upon information and belief, the surface of the Subject Lands is owned by K Ranch, LLC, 1334 Stuart Street, Chattanooga, TN 37406.

7. After diligent efforts, Parallel Petroleum LLC has been unable to secure an agreement with K Ranch, LLC for access and use of a right-of-way and location necessary for drilling, exploring and producing the minerals conveyed to it under the Lease.

8. Notice is hereby given that Parallel Petroleum LLC intends to invoke the provisions of Utah State Code Ann. §53C-2-409(3)(c) and Utah law to secure access and use of a portion of the Subject Lands for the purpose of drilling, exploring and producing the minerals conveyed to it under the Lease. More specifically, Sue-Ann Operating Parallel Petroleum LLC, (P.O. Box 790203, Vernal UT 84079) under agreement with Parallel Petroleum LLC, intends to drill the Ginger # 1 well (API # 43-047-541097) in the SE¼NE¼ of the Subject Lands.

9. I make this Affidavit for the purpose of providing notice of these matters.

DATED this 20th day of May, 2010.


Gus A. Wulfman

STATE OF TEXAS)
 ss.
COUNTY OF POTTER)

The foregoing Affidavit was acknowledged before me by Gus A. Wulfman this 20 day of May, 2010.

Witness my hand and official seal.




Notary
Residing at: Amarillo TX



Holme Roberts & Owen LLP
Attorneys at Law

May 25, 2010

LaVonne Garrison
675 East 500 South, Suite 500
Salt Lake City, UT 84102

Re: Ginger #1 well (API No. 43-047-51097)
Request to accept bond for surface reclamation pursuant to Utah Code
Ann. § 53C-2-409(3)(c)

Dear Ms. Garrison:

Sue-Ann Operating LC has filed an application for permit to drill the Ginger #1 well in the NE¼, Section 2, Township 6 South, Range 25 East, SLM. The oil, gas and hydrocarbons in these lands are owned by the Utah School and Institutional Trust Lands Administration ("Trust Lands") and are currently leased to Parallel Petroleum, LLC under Trust Lands Lease No. ML-49049. The surface is in fee ownership, owned by K Ranch, LLC.

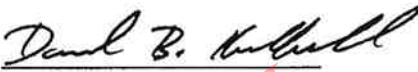
Ginger Bowden of Paradigm Consulting, Inc. (P.O. Box 790203, Vernal, UT 84079, 435-789-4162) informed me that she again contacted K Ranch, LLC through its principal, Mr. Richard Roach in the second week of December, 2009. She informed Mr. Roach that they would be moving forward with drilling a well on his lands with a new operator and that they were moving the proposed well to a slightly different location. Mr. Roach was again asked if he would consider entering into a surface use agreement and he clearly indicated that he had no intention of doing so.

Despite the diligent efforts to obtain a surface use agreement for the prior planned Trail Creek Anticline #1-2-6-25 well, and the more recent efforts for the Ginger #1 well located 548' farther to the east and 178' to the south, a surface use agreement has not been obtained. Accordingly, by this letter and upon the affidavit enclosed, Trust Lands is respectfully requested to accept a bond in the amount of \$7,800.00 in the name of Trust Lands for the use and benefit of K Ranch, LLC, to secure the payment of any damages arising from the use of the surface related to the well.

A copy of this letter and its enclosures are being delivered to the surface owner by certified mail and another copy has been sent to the Uintah County Recorder's office for

recording. I will forward a copy of the recorded Affidavit when it returns from Uintah County for your file. Please do not hesitate to contact me should you have any questions or concerns regarding this matter.

Sincerely,


David B. Hubbell

Enclosures:

Affidavit
Bond of Lessee (copy)
Surface reclamation estimate
Letter re recording Affidavit
Certified mail receipt to surface owner

cc w/enclosure:

Certified Mail Return Receipt No: 7160 3901 9845 6365 6243
Mr. Richard Roach
K Ranch, LLC
1334 Stuart Street
Chattanooga, TN 77406

Regular Mail:
Mr. Nathan A. Keever, Esq.
Dufford Waldek Milburn & Krohn, LLP
744 Horizon Court Suite 300
Grand Junction Colorado 81506



Holme Roberts & Owen LLP
Attorneys at Law

SALT LAKE CITY

May 25, 2010

BOULDER

Mr. Richard Roach
K Ranch, LLC
1334 Stuart Street
Chattanooga, TN 77406

Re: Notice of intent to drill

COLORADO SPRINGS

Dear Mr. Roach:

DENVER

Enclosed is a copy of an Affidavit providing notice that Sue-Ann Operating LC acting on behalf of Parallel Petroleum, LLC intends to drill the Ginger #1 well (API No. 43-047-51097) in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 6 South, Range 25 East, SLM. The well location is to be 845' from the north line of the section and 1,100' from the east line of the section. This location is 178' to the south and 548' farther to the east from the abandoned location that had been proposed for the Trail Creek Anticline #1-2-6-25 well with which you may be familiar.

DUBLIN

Sincerely,

LONDON

A handwritten signature in black ink, appearing to read 'David B. Hubbell'.

LOS ANGELES

David B. Hubbell

MUNICH

PHOENIX

SAN FRANCISCO



Holme Roberts & Owen LLP
Attorneys at Law

SALT LAKE CITY

May 25, 2010

BOULDER

Mr. Nathan A. Keever
Dufford Waldek Milburn & Krohn
744 Horizon Court, Suite 300
Grand Junction, CO 81506

COLORADO SPRINGS

Re: Notice of intent to drill on Lands owned by K Ranch, LLC

Dear Mr. Keever:

DENVER

I noted from the filings for the Trail Creek Anticline #1-2-6-25 well (this location has been abandoned) that you represented K Ranch, LLC regarding surface use issues so I am sending you an affidavit regarding a planned well to be drilled on the same lands owned by K Ranch, LLC. I have sent the same Affidavit directly to Mr. Richard Roach as principal of K Ranch, LLC.

DUBLIN

Enclosed is a copy of an Affidavit to be recorded in Uintah County providing notice that Sue-Ann Operating LC acting as designated operator intends to drill the Ginger #1 well (API No. 43-047-51097) in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 2, Township 6 South, Range 25 East, SLM. The well location is to be 845' from the north line of the section and 1,100' from the east line of the section. This location is 178' to the south and 548' farther to the east from the abandoned location that had been proposed for the Trail Creek Anticline #1-2-6-25 well with which you may be familiar.

LONDON

LOS ANGELES

Sincerely,

A handwritten signature in cursive script that reads 'David B. Hubbell'.

David B. Hubbell

MUNICH

Enclosure:
Affidavit

PHOENIX

SAN FRANCISCO

AFFIDAVIT

GUS A. WULFMAN, being first duly sworn upon his oath, deposes and says:

1. I am over the age of 21 and make this Affidavit upon personal knowledge and upon information and belief following good-faith investigation.

2. I am a landman in the oil and gas industry having over 12 years of experience, including over 6 years of work involving lands in Uintah County, Utah. I am actively working on the matters set forth in this Affidavit.

3. This Affidavit pertains to real property located in Uintah County, Utah, more particularly described as:

Township 6 South, Range 25 East, SLM
Section 2: Lot 1, Lot 2, NE1/4

(hereinafter, the "Subject Lands")

4. The Utah School and Institutional Trust Lands Administration ("Trust Lands") is the owner of mineral interests underlying the Subject Lands, including oil, gas, and hydrocarbons. Trust Lands obtained title to the mineral interests effective January 25, 1927, as confirmed by Patent No. 43-65-0173 dated April 27, 1965 and recorded in the Uintah County Records on June 28, 1965 in Book 124, Page 346.

5. By State Patent No. 18931 dated October 30, 1990 and recorded in the Uintah County Records on November 8, 1990 in Book 494, Page 738, the surface of the Subject Lands was conveyed into fee ownership, but expressly reserving "to the State all coal and other mineral deposits, along with the right for the State or other authorized persons to prospect for, mine, and remove the deposits as provided by statute." A copy of State Patent No. 18931 is attached as Exhibit 1.

6. Pursuant to that assignment approved March 9, 2007 Parallel Petroleum Corporation ("Parallel") is now the owner of that Oil, Gas & Hydrocarbon Lease ML-49049 ("Lease") issued by Trust Lands and conveying to it rights and interests in Trust Lands' oil, gas and hydrocarbons underlying the Subject Lands. A copy of the Lease is attached as Exhibit 2.

7. Parallel intends to drill the Trail Creek Anticline Well #1-2-6-25 ("Well") on the Subject Lands and has filed an application for permit to drill the Well. A map of the Subject Lands roughly showing the proposed location of the Well is attached as Exhibit 3. Parallel intends to use an existing county road as access to the Subject Lands, however, access to the Well location will require construction of a new road.

8. Upon information and belief, the surface of the Subject Lands is owned by K Ranch, LLC ("K Ranch"), 1334 Stuart Street, Chattanooga, TN 37406. After diligent efforts, Parallel Petroleum Corporation has been unable to secure an agreement with K Ranch for access and use of a right-of-way and location necessary for drilling the Well.

9. Parallel's efforts to enter into a surface use agreement with K Ranch, and its principal, Mr. Richard Roach, began in late 2006. Both I and Parallel's field consultant, Ginger Bowden of Paradigm Consulting, Inc., have been involved in these efforts. A copy of a proposed Surface Use Agreement delivered to Mr. Roach in early 2007 is attached as Exhibit 4. This agreement was negotiated with Mr. Nate Keever, attorney for K Ranch. As shown in this proposed agreement, Parallel offered \$1,000.00 per acre for surface use (§6) and also committed to restore the Subject Lands to the owner's satisfaction upon termination (§19).

10. Initially, Mr. Roach stated that fires in California caused him to believe that if he entered into a surface use agreement, he could be liable if Parallel's operations started a fire on the Subject Lands and he had authorized Parallel's activities. Mr. Roach expressed his preference that Parallel use Trust Lands' bonding procedures to obtain access and use of the Subject Lands.

11. Parallel continued to attempt to negotiate execution of the Surface Use Agreement. Ultimately, Mr. Roach would not agree to the proposed Surface Use Agreement unless he was paid an amount far in excess of a reasonable amount. Copies of Ms. Bowden's status reports dated November 8, 2007 and January 14, 2008 are attached as Exhibit 5. I have spoken with Mr. Roach on a number of occasions in the past few months and attempted in good faith to enter into the Surface Use Agreement, but without success. In January of 2008, Mr. Roach's office informed me that \$15,000.00 was his take it or leave it price for entering into the Surface Use Agreement. I informed Mr. Roach's office that our offer was still open to negotiation but that Parallel would begin the bonding-on process.

12. The specific route needed for access to the Well location will depend upon future actions of the Bureau of Land Management ("BLM"). As shown in Exhibit 3, access to the Well

location is possible by construction of a "Proposed Access" road 1,915 feet more or less from an existing road and partially crossing BLM lands in the adjacent Section 35. Parallel has applied for a right-of-way on the BLM land, but it is unclear whether BLM will issue this right-of-way due to the assertion that the lands have wilderness characteristics.

13. If the BLM timely issues a right-of-way, Parallel will require a 30' wide road right-of-way 592' in length more or less (totaling .41 acres more or less) and a well location of 155' by 185' (totaling .66 acres more or less) on the Subject Lands. An engineer's site plan and surveyed description of this right-of-way and location are attached as Exhibit 6. Hereinafter, this right-of-way and location will be referred to as Plan A. Under Plan A, the total surface disturbance will be 1.07 acres more or less.

14. If the BLM denies or fails to timely issue the right-of-way, Parallel will have to route its access road entirely within the Subject Lands from an existing county road right of way. See Exhibit 3 and its dotted line "Access Road Change." In this instance, Parallel will require a 30' wide road right-of-way 1,597' in length more or less (totaling 1.1 acres more or less) and a well location of 155' by 185' (totaling .66 acres more or less) on the Subject Lands. An engineer's site plan and surveyed description of this right-of-way and location are attached as Exhibit 7. Hereinafter, this right-of-way and location will be referred to as Plan B. Under Plan B, the total surface disturbance will be 1.76 acres more or less.


15. Plan A is preferred as it will require least amount of surface disturbance and because it will avoid a wash on the Subject Lands that will require greater construction costs. Nevertheless, the availability of Plan A is contingent upon whether the BLM timely issues a right-of-way. No surface improvements on the Subject Lands will be affected by either Plan A or Plan B.

16. Parallel has obtained an estimate of the reclamation costs under Plan A and Plan B. Reclamation costs under Plan A are estimated to be \$3,800.00. Reclamation costs under Plan B are estimated to be \$7,800.00. A copy of this estimate is attached as Exhibit 8.

17. Accordingly, pursuant to Utah State Code Ann. § 53C-2-409(3)(c), Parallel Petroleum Corporation requests Trust Lands to determine the appropriate amount of a bond to protect the interests of the surface owner.

//

DATED this 13 day of March, 2008.


Gus A. Wulfman

STATE OF TEXAS)
 ss.
COUNTY OF POTTER)

The foregoing Affidavit and Notice was acknowledged before me by Gus A. Wulfman this 13th day of March, 2008.

Witness my hand and official seal.




Notary
Residing at: _____



State of Utah
School and Institutional
Trust Lands Administration

675 East 500 South #500
Salt Lake City, UT 84102-2818
Telephone No. (801)538-5100
Fax No. (801)355-0922
Web site: trustlands.utah.gov

BOND NUMBER: RLB0013184

Corporate Surety Bond

Date: April 10, 2010

BOND OF LESSEE

KNOW ALL MEN BY THESE PRESENTS, that we Sue-Ann Operating, L.C.
of P.O. Box 3910, Victoria, TX 77903 as principal and
RLI Insurance Company, as surety, are held and firmly bound unto
the State of Utah in the sum of Seven Thousand Eight Hundred and No/100 -- Dollars (\$ 7,800.00--) lawful money of the United
States to be paid to the School & Institutional Trust Lands Administration, as agent for the State of Utah, for the use and benefit of the
State of Utah, and of any patentee or purchaser of any portion of the land covered by the hereinafter described lease heretofore sold or
which may hereafter be sold with a reservation to the State of Utah, on the surface or of other mineral deposits of any portion of such
lands, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors,
administrators, successors, sublessees, and assignees, jointly and severally by these presents.

Signed with our hands and sealed this 22nd day of April, 2010.

The condition of the foregoing obligation is such that,

WHEREAS, The State of Utah, as Lessor, issued a(n) Mineral lease, Lease Number
ML49049 and dated 3/1/03, to Parallel Petroleum, LLC as lessee
(and said lease has been duly assigned under date of 4/1/10
to Sue-Ann Operating, LC) to drill for, mine, extract, and remove all of the
Mineral deposits in and under the following described lands, to wit:

Bond to be held by State of Utah School and Institutional Trust Lands Administration for the benefit of surface owner,
Richard Roach, to cover potential surface loss or damage for well to be drilled in Section 2, Township 6S, Range 25E in
Uintah County, Utah, consisting of +-514.78 acres of land

NOW, THEREFORE, the principal and surety shall be obligated to pay all monies, rentals, royalties, costs of reclamation, damages
to the surface and improvements thereon and any other damages, costs, expenses, penalties, interest or liabilities which arise by
operation of or in connection with the above described lease(s) accruing to the Lessor and shall fully comply with all other terms and
conditions of said lease, the rules, regulations, and policies relating thereto of the School & Institutional Trust Lands Administration,
the Board of Oil, Gas and Mining, and the Division of Oil, Gas and Mining as they may now exist or may from time to time be
modified or amended. This obligation is in effect even if the principal has conveyed part of its interest to a successor in interest. If the
principal fully satisfies the above described obligations, then the surety's obligation to make payment to the State of Utah is void and
of no effect, otherwise, it shall remain in full force and-effect until released by the School & Institutional Trust Lands Administration.

Signed, sealed and delivered in the presence of:

Barbara J. Kolodzie Witness
Pinky Taylor Witness

Sue-Ann Operating, L.C.

By: John R. Gayle (SEAL)

John R. Gayle, Principal
RLI Insurance Company

BONDING COMPANY BY

Paul M. O'Sullivan, Attorney-in-Fact

Attest: Nancy Cruz

APPROVED AS TO FORM
MARK L. SHURTLEFF
Attorney General

Resident Agent: N/A

8 Greenway Plaza, Suite 400

Bonding Co. Address: Houston, TX 77046

By: [Signature]



RLI Surety
A division of RLI Insurance Company

RLB0013184

POWER OF ATTORNEY

RLI Insurance Company

Know All Men by These Presents:

That the RLI INSURANCE COMPANY, a corporation organized and existing under the laws of the State of Illinois, and authorized and licensed to do business in all states and the District of Columbia does hereby make, constitute and appoint: PAUL M. O'SULLIVAN in the City of HOUSTON, State of TEXAS, as Attorney-in-Fact, with full power and authority hereby conferred upon him to sign, execute, acknowledge and deliver for and on its behalf as Surety and as its act and deed, all of the following classes of documents to-wit:

\$7,800.00

Indemnity, Surety and Undertakings that may be desired by contract, or may be given in any action or proceeding in any court of law or equity; policies indemnifying employers against loss or damage caused by the misconduct of their employees; official, bail and surety and fidelity bonds. Indemnity in all cases where indemnity may be lawfully given; and with full power and authority to execute consents and waivers to modify or change or extend any bond or document executed for this Company, and to compromise and settle any and all claims or demands made or existing against said Company.

The RLI INSURANCE COMPANY further certifies that the following is a true and exact copy of a Resolution adopted by the Board of Directors of RLI Insurance Company, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney, or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys-in-Fact or Agents who shall have authority to issue bonds, policies, or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers-of-Attorney, or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

(Blue shaded areas above indicate authenticity)

IN WITNESS WHEREOF, the RLI Insurance Company has caused these presents to be executed by its PRESIDENT with its corporate seal affixed this

ATTEST:

Jean M. Stephenson
CORPORATE SECRETARY

State of Illinois)

County of Peoria)

SS



RLI INSURANCE COMPANY

Michael J. Stone
PRESIDENT

On this 22 day of Apr. 2010 before me, a Notary Public, personally appeared Michael J. Stone and Jean M. Stephenson, who being by me duly sworn, acknowledged that they signed the above Power of Attorney as President and Corporate Secretary, respectively, of the said RLI INSURANCE COMPANY, and acknowledged said instrument to be the voluntary act and deed of said corporation.

Cherie L. Montgomery
Notary Public





RLI Insurance Company
Peoria, Illinois 61615

TEXAS POLICYHOLDER NOTICE

TEXAS IMPORTANT NOTICE

To obtain information or make a complaint:

You may call RLI Insurance Company's toll-free telephone number for information or to make a complaint at:

1-800-444-0406

You may also write to RLI Insurance Company at:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may also write the Texas Department of Insurance:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

TEXAS AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

Usted puede llamar al numero de telefono gratis de RLI Insurance Company's para informacion o para someter una queja al:

1-800-444-0406

Usted tambien puede escribir a RLI Insurance Company:

RLI Insurance Company
9025 N. Lindbergh Drive
Peoria, Illinois 61615

Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o quejas al:

1-800-252-3439

Puede escribir al Departamento de Seguros de Texas:

P.O. Box 149104
Austin, Texas 78714-9104
Fax Number: (512) 475-1771

Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.



Stubbs & Stubbs

Oilfield Construction

P.O. Box 32
Vernal, Utah 84078
stubboil@easilink.com

Office Phone: (435) 789-8874

FAX: (435) 789-8876

CONFIDENTIAL

May 19, 2010

Ginger,

Thank you for allowing Stubbs & Stubbs to submit a bid for the Ginger #1 location and road reclamation. This bid is for the reclamation of the location and the 1,390 feet of new access road.

Total Reclamation of Access Rd. & Location \$7,800.00

Thank you,

Corey Stubbs

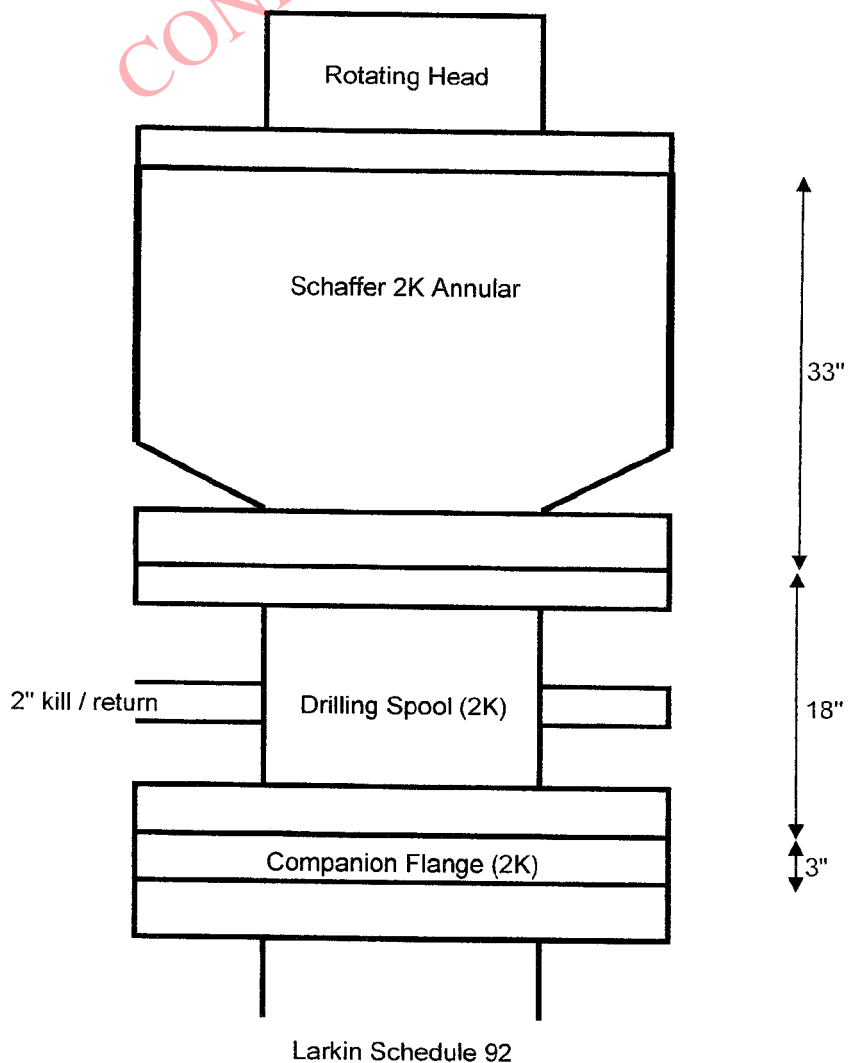


PERFORMANCE PROFESSIONALS™

2103 East Ladd Road
Washington, Oklahoma 73093
(O) 405-288-6021
(F) 405-288-6737

(2,000 psi)

BOP Configuration



Well Name	SUE-ANN OPREATING, LC Ginger #1 43047510970000			
String	Surf	Prod		
Casing Size(in)	8.625	5.500		
Setting Depth (TVD)	600	2000		
Previous Shoe Setting Depth (TVD)	0	600		
Max Mud Weight (ppg)	8.3	9.2		
BOPE Proposed (psi)	500	2000		
Casing Internal Yield (psi)	2950	4810		
Operators Max Anticipated Pressure (psi)	2000	19.2		

Calculations	Surf String	8.625	"
Max BHP (psi)	.052*Setting Depth*MW=	259	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	187	YES air drill
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	127	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	127	NO OK
Required Casing/BOPE Test Pressure=		600	psi
*Max Pressure Allowed @ Previous Casing Shoe=		0	psi *Assumes 1psi/ft frac gradient

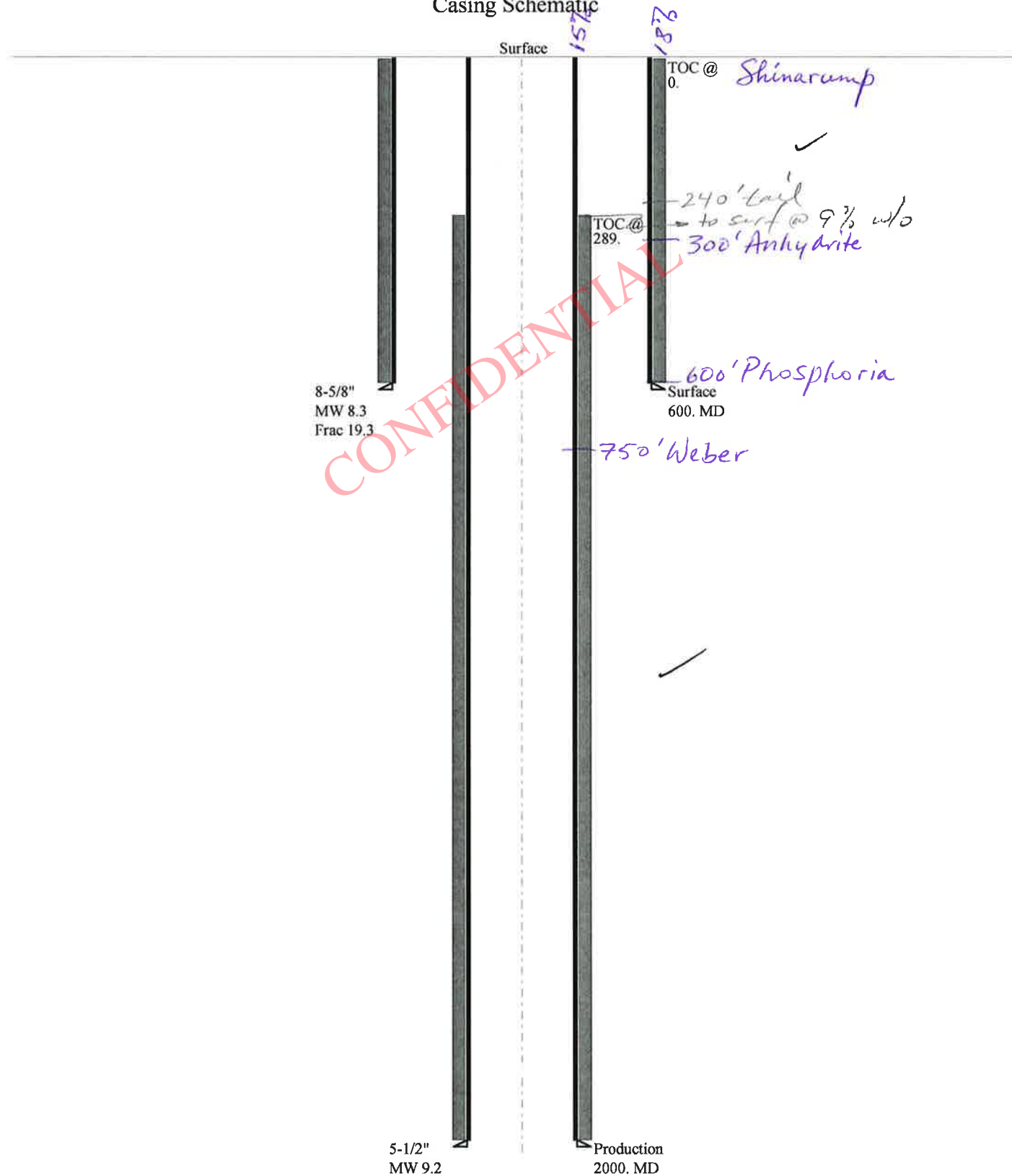
Calculations	Prod String	5.500	"
Max BHP (psi)	.052*Setting Depth*MW=	957	
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=	717	YES
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=	517	YES OK
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=	649	NO OK
Required Casing/BOPE Test Pressure=		2000	psi
*Max Pressure Allowed @ Previous Casing Shoe=		600	psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

Calculations	String		"
Max BHP (psi)	.052*Setting Depth*MW=		
			BOPE Adequate For Drilling And Setting Casing at Depth?
MASP (Gas) (psi)	Max BHP-(0.12*Setting Depth)=		NO
MASP (Gas/Mud) (psi)	Max BHP-(0.22*Setting Depth)=		NO
			*Can Full Expected Pressure Be Held At Previous Shoe?
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth)=		NO
Required Casing/BOPE Test Pressure=			psi
*Max Pressure Allowed @ Previous Casing Shoe=			psi *Assumes 1psi/ft frac gradient

43047510970000 Ginger #1

Casing Schematic



↓
BMSW 3000-3500' depth

Well name:	43047510970000 Ginger #1	
Operator:	SUE-ANN OPREATING, LC	
String type:	Surface	Project ID: 43-047-51097
Location:	UINTAH COUNTY	

Design parameters:

Collapse

Mud weight: 8.330 ppg
Design is based on evacuated pipe.

Minimum design factors:

Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 82 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 100 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 528 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 600 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Tension is based on air weight.
Neutral point: 525 ft

Non-directional string.

Re subsequent strings:

Next setting depth: 2,000 ft
Next mud weight: 9.200 ppg
Next setting BHP: 956 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 600 ft
Injection pressure: 600 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	600	8.625	24.00	J-55	ST&C	600	600	7.972	3088
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	260	1370	5.278	600	2950	4.92	14.4	244	16.95 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801 538-5357
FAX: 801-359-3940

Date: June 8, 2010
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 600 ft, a mud weight of 8.33 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Well name:	43047510970000 Ginger #1	
Operator:	SUE-ANN OPREATING, LC	
String type:	Production	Project ID: 43-047-51097
Location:	UINTAH COUNTY	

Design parameters:**Collapse**

Mud weight: 9.200 ppg
Design is based on evacuated pipe.

Minimum design factors:**Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 74 °F
Bottom hole temperature: 102 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,000 ft

Cement top: 289 ft

Burst

Max anticipated surface pressure: 716 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 956 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.60 (B)

Non-directional string.

Tension is based on air weight.
Neutral point: 1,722 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Est. Cost (\$)
1	2000	5.5	15.50	J-55	LT&C	2000	2000	4.825	7062
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (kips)	Tension Strength (kips)	Tension Design Factor
1	956	4040	4.227	956	4810	5.03	31	217	7.00 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Mining

Phone: 801 538-5357
FAX: 801-359-3940

Date: June 8, 2010
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 2000 ft, a mud weight of 9.2 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

ON-SITE PREDRILL EVALUATION**Utah Division of Oil, Gas and Mining**

Operator	SUE-ANN OPERATING, LC				
Well Name	Ginger #1				
API Number	43047510970000	APD No	2578	Field/Unit	WILDCAT
Location: 1/4,1/4	SENE	Sec 2	Tw 6.0S	Rng 25.0E	845 FNL 1100 FEL
GPS Coord (UTM)	664374 4466354	Surface Owner	Richard Roach		

Participants

Floyd Bartlett (DOGM), Ginger Stringham (Paradime Consulting), Gary Gerber (Stubbs and Stubbs Construction)

Regional/Local Setting & Topography

The general area is in Trail Creek which is a small sub-drainage of Cliff Creek which drains westerly approximately 15 miles into the Green River about 1 mile north of Jensen, UT. The Colorado State line is approximately $\frac{3}{4}$ miles to the east. Most drainages are ephemeral, however Trail Creek may have intermittent flows and Cliff Creek becomes perennial the last few miles. Seeps and springs exist in some drainages in the area but none were noted within at least $\frac{1}{2}$ mile from the proposed location. Access from Jensen, Utah will be over State Highway 40, a distance of 12.4 miles and Uintah County roads for about 4.1 miles. Approximately 18,768 feet of existing two-track road will be upgraded and about 1,290 feet of new road constructed.

SUE-ANN OPERATING, LC, proposes the Ginger #1 shallow oil well. It will be drilled to a depth of 2000 feet using an air-drilling rig. The specific location is on a flat with a gentle slope to the south. The flat extends about $\frac{1}{2}$ mile to the north where an abrupt change in topography occurs and becomes a steep rocky mountain which is the south end of Blue Mountain. Deep washes border the site on the west and east. The gully on the east is approximately 25 feet deep and 30 feet wide. This prohibits access from that side and drilling the well in the normal drilling window. Three or four minor gullies intersect the location in a north to south direction. They will be diverted around the pad both to the west and east continuing to the south. No significant stability problems are anticipated with the construction and operation of the location.

Mr. Richard Roach of Chattanooga, Tenn. (423-698-2416) owns the surface. A Surface Use Agreement has not been obtained. I called him on May 26, 2010 to inform him of and invite him to a pre-site visit. He said he would not attend. Also that a Surface Use Agreement had not been signed by him and that he would not sign one. The Minerals are SITLA. Mr. Jim Davis of SITLA was invited to the pre-site but said SITLA would not attend.

Surface Use Plan**Current Surface Use**

Grazing
Recreational
Wildlife Habitat

New Road Miles	Well Pad	Src Const Material	Surface Formation
3.7	Width 150 Length 220	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate?**Environmental Parameters**

Affected Floodplains and/or Wetlands N

Flora / Fauna

Poorly vegetated desert shrub type. Greasewood, big sage brush, broom snake weed, cheat grass, bud sage, poa sp. Western wheatgrass, sego lilly, onions and spring annuals are present.

Pronghorn, rodents, rabbits, songbirds, raptors, elk, deer, bobcat, coyote. Possible winter sheep grazing.

Soil Type and Characteristics

Very deep sandy loam surface

Erosion Issues Y**Sedimentation Issues Y**

Three or four minor gullies intersect the location in a north to south direction. The will be diverted around the pad both to the west and east continuing to the south.

Site Stability Issues N**Drainage Diversion Required? Y**

Three or four minor gullies intersect the location in a north to south direction. The will be diverted around the pad both to the west and east continuing to the south.

Berm Required? N**Erosion Sedimentation Control Required? Y**

Three or four minor gullies intersect the location in a north to south direction. The will be diverted around the pad both to the west and east continuing to the south.

Paleo Survey Run? N Paleo Potential Observed? N Cultural Survey Run? N Cultural Resources?

Reserve Pit**Site-Specific Factors****Site Ranking**

Distance to Groundwater (feet)	75 to 100	10	
Distance to Surface Water (feet)	>1000	0	
Dist. Nearest Municipal Well (ft)	>5280	0	
Distance to Other Wells (feet)	>1320	0	
Native Soil Type	High permeability	20	
Fluid Type	Air/mist	0	
Drill Cuttings	Normal Rock	0	
Annual Precipitation (inches)		0	
Affected Populations			
Presence Nearby Utility Conduits	Not Present	0	
	Final Score	30	1 Sensitivity Level

Characteristics / Requirements

Although the well will be drilled using a rotary air drill, a small lined reserve pit is planned in the northeast corner of the location. Dimensions are 25' x 85' x 8' deep. It will be used for drilling lubricating fluids as needed or to catch any surface flows that may be encountered.

As minimum a 8-mil liner is required. A subliner may not be needed for the reserve pit.

Closed Loop Mud Required? N Liner Required? Y Liner Thickness 8 Pit Underlayment Required?

Other Observations / Comments

Because of the agreement SUE-ANN PRODUCTION. with the mineral lessee, the well must be drilled prior to June 30, 2010 to exercise their agreement.

Floyd Bartlett
Evaluator

6/1/2010
Date / Time

CONFIDENTIAL

Application for Permit to Drill

Statement of Basis

6/15/2010

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Owner	CBM
2578	43047510970000	LOCKED	OW	P	No
Operator	SUE-ANN OPERATING, LC		Surface Owner-APD	Richard Roach	
Well Name	Ginger #1		Unit		
Field	WILDCAT		Type of Work	DRILL	
Location	SENE 2 6S 25E S 845 FNL 1100 FEL GPS Coord (UTM) 664382E 4466338N				

Geologic Statement of Basis

This well will likely spud into Quaternary Alluvium covering middle Jurassic strata. No subsurface water rights are filed within a mile of the location. It is proposed to drill the well to TD with an air/mist/fresh water and gel drilling fluid system. The base of moderately saline ground water is likely to be around 3,000' to 3,500 feet ASL, which is below the proposed T.D. of the well (estimated to be about 2,500' BGS). The drilling of this well as proposed should present no ground water issues.

Chris Kierst
APD Evaluator

6/3/2010
Date / Time

Surface Statement of Basis

The general area is in Trail Creek which is a small sub-drainage of Cliff Creek which drains westerly approximately 15 miles into the Green River about 1 mile north of Jensen, UT. The Colorado State line is approximately $\frac{3}{4}$ miles to the east. Most drainages are ephemeral, however Trail Creek may have intermittent flows and Cliff Creek becomes perennial the last few miles. Seeps and springs exist in some drainages in the area but none were noted within at least $\frac{1}{2}$ mile from the proposed location. Access from Jensen, Utah will be over State Highway 40, a distance of 12.4 miles and Uintah County roads for about 4.1 miles. Approximately 18,768 feet of existing two-track road will be upgraded and about 1,290 feet of new road constructed.

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Floyd Bartlett
Onsite Evaluator

6/1/2010
Date / Time

Application for Permit to Drill

Statement of Basis

6/15/2010

Utah Division of Oil, Gas and Mining

Page 2

Category	Condition
Pits	A synthetic liner with a minimum thickness of 8 mils shall be properly installed and maintained in the reserve pit.
Surface	Drainages adjacent to the proposed pad shall be diverted around the location.
Surface	The reserve pit shall be fenced upon completion of drilling operations.

CONFIDENTIAL

WORKSHEET

APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 4/24/2010

API NO. ASSIGNED: 43047510970000

WELL NAME: Ginger #1

OPERATOR: SUE-ANN OPERATING, LC (N3675)

PHONE NUMBER: 435 789-4162

CONTACT: Ginger Bowden

PROPOSED LOCATION: SENE 2 060S 250E

Permit Tech Review: ☒

SURFACE: 0845 FNL 1100 FEL

Engineering Review: ☒

BOTTOM: 0845 FNL 1100 FEL

Geology Review: ☒

COUNTY: UINTAH

LATITUDE: 40.33330

LONGITUDE: -109.06491

UTM SURF EASTINGS: 664382.00

NORTHINGS: 4466338.00

FIELD NAME: WILDCAT

LEASE TYPE: 3 - State

LEASE NUMBER: ML-49049

PROPOSED PRODUCING FORMATION(S): WEBER

SURFACE OWNER: 4 - Fee

COALBED METHANE: NO

RECEIVED AND/OR REVIEWED:

- ☒ **PLAT**
- ☒ **Bond:** STATE/FEE - RLB0013182
- ☐ **Potash**
- ☐ **Oil Shale 190-5**
- ☐ **Oil Shale 190-3**
- ☐ **Oil Shale 190-13**
- ☒ **Water Permit:** Vernal Municipal / Dalbo
- ☒ **RDCC Review:** 2010-06-14 00:00:00.0
- ☐ **Fee Surface Agreement**
- ☐ **Intent to Commingle**

Commingle Approved

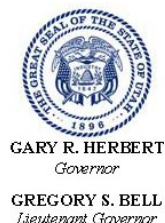
LOCATION AND SITING:

- ☐ **R649-2-3.**
- Unit:**
- ☐ **R649-3-2. General**
- ☒ **R649-3-3. Exception**
- ☒ **Drilling Unit**
- Board Cause No:** R649-3-3
- Effective Date:**
- Siting:**
- ☐ **R649-3-11. Directional Drill**

Comments: Presite Completed

Stipulations:

- 1 - Exception Location - bhill
- 2 - Surface Agreement Exception - dmason
- 5 - Statement of Basis - bhill
- 21 - RDCC - dmason
- 23 - Spacing - dmason



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Permit To Drill

Well Name: Ginger #1
API Well Number: 43047510970000
Lease Number: ML-49049
Surface Owner: FEE (PRIVATE)
Approval Date: 6/15/2010

Issued to:

SUE-ANN OPERATING, LC, PO Box 3910, Victoria, TX 77903

Authority:

Pursuant to Utah Code Ann. §40-6-1 et seq., and Utah Administrative Code R649-3-1 et seq., the Utah Division of Oil, Gas and Mining issues conditions of approval, and permit to drill the listed well. This permit is issued in accordance with the requirements of R649-3-3. The expected producing formation or pool is the WEBER Formation(s), completion into any other zones will require filing a Sundry Notice (Form 9). Completion and commingling of more than one pool will require approval in accordance with R649-3-22.

Duration:

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date

Exception Location:

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

In accordance with Rule R649-3-34(9), the Division of Oil, Gas and Mining shall establish minimum wellsite restoration requirements for this well. Prior to plugging and abandonment of this well, the operator shall notify the Division and allow the Division to establish such minimum wellsite restoration requirements in advance of the operator commencing plugging and abandonment operations.

General:

Compliance with the requirements of Utah Admin. R. 649-1 et seq., the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

Conditions of Approval:

This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such

analysis by filing a Request for Agency Action with the Board.

The Application for Permit to Drill has been forwarded to the Resource Development Coordinating Committee for review of this action. The operator will be required to comply with any applicable recommendations resulting from this review. (See attached)

Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis (copy attached).

Additional Approvals:

The operator is required to obtain approval from the Division of Oil, Gas and mining before performing any of the following actions during the drilling of this well:

- Any changes to the approved drilling plan – contact Dustin Doucet
- Significant plug back of the well – contact Dustin Doucet
- Plug and abandonment of the well – contact Dustin Doucet

Notification Requirements:

The operator is required to notify the Division of Oil, Gas and Mining of the following actions during drilling of this well:

- Within 24 hours following the spudding of the well – contact Carol Daniels
OR
submit an electronic sundry notice (pre-registration required) via the Utah Oil & Gas website at <https://oilgas.ogm.utah.gov>
- 24 hours prior to testing blowout prevention equipment - contact Dan Jarvis
- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- Within 24 hours of making any emergency changes to the approved drilling program – contact Dustin Doucet
- 24 hours prior to commencing operations to plug and abandon the well – contact Dan Jarvis

Contact Information:

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voicemail message if the person is not available to take the call):

- Carol Daniels 801-538-5284 - office
- Dustin Doucet 801-538-5281 - office
801-733-0983 - after office hours
- Dan Jarvis 801-538-5338 - office
801-231-8956 - after office hours

Reporting Requirements:

All reports, forms and submittals as required by the Utah Oil and Gas Conservation General Rules will be promptly filed with the Division of Oil, Gas and Mining, including but not limited to:

- Entity Action Form (Form 6) – due within 5 days of spudding the well
- Monthly Status Report (Form 9) – due by 5th day of the following calendar month
- Requests to Change Plans (Form 9) – due prior to implementation
- Written Notice of Emergency Changes (Form 9) – due within 5 days
- Notice of Operations Suspension or Resumption (Form 9) – due prior to implementation
- Report of Water Encountered (Form 7) – due within 30 days after completion
- Well Completion Report (Form 8) – due within 30 days after completion or plugging

Approved By:

Approved By:

A handwritten signature in black ink, appearing to read "B. D. Gifford", written in a cursive style.

Acting Associate Director, Oil & Gas

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49049
1. TYPE OF WELL Oil Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA
2. NAME OF OPERATOR: SUE-ANN OPERATING, LC		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: PO Box 3910 , Victoria, TX, 77903		8. WELL NAME and NUMBER: Ginger #1
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0845 FNL 1100 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 2 Township: 06.0S Range: 25.0E Meridian: S		9. API NUMBER: 43047510970000
PHONE NUMBER: 361 576-6090 Ext		9. FIELD and POOL or WILDCAT: WILDCAT
COUNTY: UTAH		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING	
<input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 6/23/2010	<input type="checkbox"/> CASING REPAIR	
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
	<input type="checkbox"/> DEEPEN	
	<input type="checkbox"/> FRACTURE TREAT	
	<input type="checkbox"/> OPERATOR CHANGE	
	<input type="checkbox"/> PLUG AND ABANDON	
	<input type="checkbox"/> PRODUCTION START OR RESUME	
	<input type="checkbox"/> RECLAMATION OF WELL SITE	
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> WATER SHUTOFF	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER:	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. At 8:40 am on 6/23/2010 Craig's Roustabout set 60 (sixty) feet of conductor, for spud, for the subject location.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY June 28, 2010		
NAME (PLEASE PRINT) Ginger Bowden	PHONE NUMBER 435 789-4162	TITLE Agent
SIGNATURE N/A	DATE 6/24/2010	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49049
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PHONE NUMBER: 361 576-6090 Ext		9. FIELD and POOL or WILDCAT: WILDCAT
COUNTY: UTAH		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:	<input type="checkbox"/> ALTER CASING	
<input checked="" type="checkbox"/> SPUD REPORT Date of Spud: 6/25/2010	<input type="checkbox"/> CASING REPAIR	
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
	<input type="checkbox"/> DEEPEN	
	<input type="checkbox"/> FRACTURE TREAT	
	<input type="checkbox"/> OPERATOR CHANGE	
	<input type="checkbox"/> PLUG AND ABANDON	
	<input type="checkbox"/> PRODUCTION START OR RESUME	
	<input type="checkbox"/> RECLAMATION OF WELL SITE	
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> WATER SHUTOFF	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER:	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. 12 1/4 drilled from conductor to 160'begining at 9:30 am.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY June 28, 2010		
NAME (PLEASE PRINT) Ginger Bowden	PHONE NUMBER 435 789-4162	TITLE Agent
SIGNATURE N/A	DATE 6/26/2010	

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: SUE-ANN OPERATING, L.C. Operator Account Number: N 3675
Address: PO BOX 3910
city VICTORIA
state TX zip 77903 Phone Number: (361) 576-6090

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4304751097	GINGER #1		SENE	2	6S	25E	UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
A	99999	17712	6/25/2010			7/27/10	
Comments: <u>WEBR</u> <div style="float: right; font-weight: bold; font-size: 1.2em;">CONFIDENTIAL</div>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments: <div style="text-align: center; font-weight: bold; font-size: 1.2em;">RECEIVED JUL 01 2010</div>							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

DIV. OF OIL, GAS & MINING

Name (Please Print) _____

Signature _____

Agent _____

Title _____

6/28/2010

Date

<div>STATE OF UTAH</div> <div>DEPARTMENT OF NATURAL RESOURCES</div> <div>DIVISION OF OIL, GAS, AND MINING</div>		<div>FORM 9</div> <div>5.LEASE DESIGNATION AND SERIAL NUMBER: ML-49049</div>	
<div>SUNDRY NOTICES AND REPORTS ON WELLS</div> <div>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.</div>		<div>6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA</div> <div>7.UNIT or CA AGREEMENT NAME:</div>	
<div>1. TYPE OF WELL</div> <div>Oil Well</div>		<div>8. WELL NAME and NUMBER:</div> <div>Ginger #1</div>	
<div>2. NAME OF OPERATOR:</div> <div>SUE-ANN OPERATING, LC</div>		<div>9. API NUMBER:</div> <div>43047510970000</div>	
<div>3. ADDRESS OF OPERATOR:</div> <div>PO Box 3910 , Victoria, TX, 77903</div>		<div>PHONE NUMBER:</div> <div>361 576-6090 Ext</div>	
<div>4. LOCATION OF WELL</div> <div>FOOTAGES AT SURFACE:</div> <div>0845 FNL 1100 FEL</div> <div>QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:</div> <div>Qtr/Qtr: SENE Section: 02 Township: 06.0S Range: 25.0E Meridian: S</div>		<div>9. FIELD and POOL or WILDCAT:</div> <div>WILDCAT</div>	
		<div>COUNTY:</div> <div>UINTAH</div>	
		<div>STATE:</div> <div>UTAH</div>	
<div>11.</div> <div>CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA</div>			
<div>TYPE OF SUBMISSION</div>		<div>TYPE OF ACTION</div>	
<div><input type="checkbox"/> NOTICE OF INTENT</div> <div>Approximate date work will start:</div> <div><input checked="" type="checkbox"/> SUBSEQUENT REPORT</div> <div>Date of Work Completion:</div> <div>7/8/2010</div> <div><input type="checkbox"/> SPUD REPORT</div> <div>Date of Spud:</div> <div><input type="checkbox"/> DRILLING REPORT</div> <div>Report Date:</div>		<div><input type="checkbox"/> ACIDIZE</div> <div><input type="checkbox"/> CHANGE TO PREVIOUS PLANS</div> <div><input type="checkbox"/> CHANGE WELL STATUS</div> <div><input type="checkbox"/> DEEPEN</div> <div><input type="checkbox"/> OPERATOR CHANGE</div> <div><input type="checkbox"/> PRODUCTION START OR RESUME</div> <div><input type="checkbox"/> REPERFORATE CURRENT FORMATION</div> <div><input type="checkbox"/> TUBING REPAIR</div> <div><input type="checkbox"/> WATER SHUTOFF</div> <div><input type="checkbox"/> WILDCAT WELL DETERMINATION</div> <div><input type="checkbox"/> ALTER CASING</div> <div><input type="checkbox"/> CHANGE TUBING</div> <div><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS</div> <div><input type="checkbox"/> FRACTURE TREAT</div> <div><input checked="" type="checkbox"/> PLUG AND ABANDON</div> <div><input type="checkbox"/> RECLAMATION OF WELL SITE</div> <div><input type="checkbox"/> SIDETRACK TO REPAIR WELL</div> <div><input type="checkbox"/> VENT OR FLARE</div> <div><input type="checkbox"/> SI TA STATUS EXTENSION</div> <div><input type="checkbox"/> OTHER</div> <div><input type="checkbox"/> CASING REPAIR</div> <div><input type="checkbox"/> CHANGE WELL NAME</div> <div><input type="checkbox"/> CONVERT WELL TYPE</div> <div><input type="checkbox"/> NEW CONSTRUCTION</div> <div><input type="checkbox"/> PLUG BACK</div> <div><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION</div> <div><input type="checkbox"/> TEMPORARY ABANDON</div> <div><input type="checkbox"/> WATER DISPOSAL</div> <div><input type="checkbox"/> APD EXTENSION</div> <div>OTHER:</div>	
<div>12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.</div> <div>PLEASE FIND THE ATTACHED REPORT. THE SUBJECT LOCATION WAS PLUGGED AND ABANDONED AS PER UDOGM INSTRUCTIONS.</div> <div>Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY</div> <div>July 20, 2010</div>			
<div>NAME (PLEASE PRINT)</div> <div>Ginger Bowden</div>		<div>PHONE NUMBER</div> <div>435 789-4162</div>	
<div>SIGNATURE</div> <div>N/A</div>		<div>TITLE</div> <div>Agent</div>	
		<div>DATE</div> <div>7/15/2010</div>	

SUE-ANN PRODUCTION COMPANY
SUMMARY DAILY ACTIVITY REPORT

PAGE
DATE 07/08/10

GINGER#	1	UNITAHFIELD TD	UNITAH COUNTY ELEV
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07/01/10 Present Ops: Weld on 11"300# SOW Wellhead. TD: 615'

08:00-09:30 RIH w/bit & tag btm @ 615'. POH, LD DP,DCs, & bit

09:30-11:00 RIH w/8 5/8" FS, 1 - 8 5/8" 24# J55 STC shoe jt, FC and 13 jts 8 5/8" 24# J55 STC csg. Set FS @ 605' & FC @ 559'

11:30-12:00 Hang csg on top of conductor & RDMO LEON ROSS DRLG RIG. RU BJ CMTRS

12:00-18:00 Cmt surf csg w/10 bbls of dyed gelled wtr, 5 bbls H2O, 438 sxs Class "G" cmt w/2% CaCl & .25#/sx cello flakes, (Cmt wt - 15.8 ppg, Yield - 1.17 cubic ft/sx) Displaced w/26.5 bbls of a planned 35.6 bbls & pressure spiked from 300# to 1000# Circ a small cmt of cmt to surface, but cmt fell downhole. WOC for 3 hrs. RIh w/1" pipe & tag cmt @ 35'. Top out cmt.

Richard w/Utah Dept of Oil, Gas & Minerals approved the 1" top out.
Notified Dan Jarvis for BOP teting & csg testing that will occur Friday 7.2.10.

07/02/10 Present Ops: MIRU Craig's Roustabouts Drilling RIG and RESUME DRLG.
TD: 615'

08:00-11:00 Dig out WH. Cut conductor & 8 5/8" 24% csg. Weld 11' - 3000# SOW wellhead and tst weld to 1000#. SDFN.

07/03/10 Present Ops: RIH w/7 7/8" bit & DC's. TD: 615'

06:00-08:00 MIRU Craig's ROustabout DRLG RIG & associated equipment. NU 11" 3000# BOP & chk manifold

08:00-11:00 Tst pipe rams to 1500#. Tst blind rams to 1500#. Tst sg to 700# for 30 mins.
RD Tsters

11:00-05:00 RU rotating head and fabricate flowline to reserve pit.

05:00-06:00 PU & RIH w/7 7/8" Smith bit on 6.5" DCs

07/04/10 Present Ops: DRLG @ 1188', TD 1188'

06:00-08:30 Finish RIh w/bit. Tag cmt @ 450'. RU mud system.

08:00-08:30 Drl cmt from 450-530'. CWC

09:00-09:30 Take SVY @ 500' - 2.5 degrees

09:30-10:30 Drl cmt from 530' to 615'

10:30-22:00 Drl 7 7/8" hole from 615' to 1030' @ 36 FPH running 20 pts on bit and back reaming each connection. CWC

22:00-23:00 Take SVY at 1000' - 4.5 degrees

2300-06:00 Drl 7 7/8" hole from 1030 to 1188' @ 23 FPH running 20-25 pts on bit and double back reaming each connection. CWC.

07/05/10 Present Ops: POOH for wiper trip, TD: 1680', MW 9.5 ppg, Vis 39

06:00-17:30 Drl from 1188-1410' @ 19.3 FPH

17:30-18:30 Circ for svy. Svy @ 1410'; was 5.5 degrees

18:30-03:30 Drl from 1410' to 1680' @ 30 FPH. Drld +-40' in Weber Sand w/top at 1640'.

03:30-06:00 Shut dn pumps to POH. Well continued to flow. Weight up mud from 8.8 to 9.5 ppg and pump around well. Well dead. Allowed +-4 bbls of kick on btm and did not see oil in pits after circ well.

RECEIVED July 15, 2010

SUE-ANN PRODUCTION COMPANY
SUMMARY DAILY ACTIVITY REPORT

PAGE
DATE 07/08/10

GINGER# 1 UNITAHFIELD UNITAH COUNTY
TD ELEV

07/06/10 Present Ops: Logging w/triple combo & dipmeter, TD 1680', MW 9.5, Vis 39
06:00-16:00 POH w/DP & bit. PU DST equip & RIH w/same
16:00-18:00 Run drill stem tst on Weber Sand. Flowed 25 bbls of 100 ppm chloride wtr w/no oil stain to surface tnk. Shut DST Tool and POH w/DST tool. Rec 14 bbls wtr inside DP for a ttl of 38 bbls wtr.
18:00-02:00 POH w/DST Tools & LD same
02:00-06:00 Ru Baker Atlas to log well. Trk had computer problems. Drove to Vernal to PU different truck.
Note: Notified Dan Jarvis w/UDOGM for into to plug and for plugging instructions.

07/07/10 Present Ops: Release Rig. Weld on cap & dry hole marker & RDMO all rental equipment TD: 1680'
06:00-13:00 Run Bkr Triple Combo log & dipmtr log. RD Bkr Atlas
13:00-16:00 RIH w/DP to 1680' & WO cmtrs
16:00-17:00 RU Cmtrs
17:00-20:30 Spot 125 sxs Class "G" w/3% CaCl plug from 1680-1255'. POH w/24 jts of DP & WOC.
20:30-21:30 RIH & tag cmt plug @ 1310'. Cmt top needed to be at least @ 1440' according to UDOGM plugging instructions.
21:30-01:00 POH w/DP to 660'. Spot 50 sx Class "G" w/3% CaCl plug from 660-498'. POH & WOC.
01:00-02:30 RIH w/DP & tag cmt plug @ 525'. UDOGM minimum cmt top was 555'. POH & LD all DP
02:30-03:00 Pump 35 sxs cmt plug from 60'-surface. RD Cmtrs. WELL P&A'D 7/7/10
03:00-06:00 NDBOP & Chk manifold. RD Drlg Rig

07/08/10 Pres Ops: Final Rpt - Rig released & Well P&A'D
06:00-07:00 RDMO RIG. Released rig @ 7:00Am on 7.7.2010. Release and move out all rental equip. Cut off wellhead & weld on plate & dry hole marker as per UDOGM instructions

RECEIVED July 15, 2010

<div>STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING</div>		<div>FORM 9</div> <div>5.LEASE DESIGNATION AND SERIAL NUMBER: ML-49049</div>	
<div>SUNDRY NOTICES AND REPORTS ON WELLS</div> <div>Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.</div>		<div>6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA</div> <div>7.UNIT or CA AGREEMENT NAME:</div>	
<div>1. TYPE OF WELL Oil Well</div>		<div>8. WELL NAME and NUMBER: Ginger #1</div>	
<div>2. NAME OF OPERATOR: SUE-ANN OPERATING, LC</div>		<div>9. API NUMBER: 43047510970000</div>	
<div>3. ADDRESS OF OPERATOR: PO Box 3910 , Victoria, TX, 77903</div>		<div>PHONE NUMBER: 361 576-6090 Ext</div>	
<div>9. FIELD and POOL or WILDCAT: WILDCAT</div>			
<div>4. LOCATION OF WELL FOOTAGES AT SURFACE: 0845 FNL 1100 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 02 Township: 06.0S Range: 25.0E Meridian: S</div>		<div>COUNTY: UINTAH</div>	
		<div>STATE: UTAH</div>	
<div>11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA</div>			
<div>TYPE OF SUBMISSION</div>		<div>TYPE OF ACTION</div>	
<div><input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:</div> <div><input type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion:</div> <div><input type="checkbox"/> SPUD REPORT Date of Spud:</div> <div><input checked="" type="checkbox"/> DRILLING REPORT Report Date:</div>		<div><div><input type="checkbox"/> ACIDIZE</div><div><input type="checkbox"/> CHANGE TO PREVIOUS PLANS</div><div><input type="checkbox"/> CHANGE WELL STATUS</div><div><input type="checkbox"/> DEEPEN</div><div><input type="checkbox"/> OPERATOR CHANGE</div><div><input type="checkbox"/> PRODUCTION START OR RESUME</div><div><input type="checkbox"/> REPERFORATE CURRENT FORMATION</div><div><input type="checkbox"/> TUBING REPAIR</div><div><input type="checkbox"/> WATER SHUTOFF</div><div><input type="checkbox"/> WILDCAT WELL DETERMINATION</div></div> <div><div><input type="checkbox"/> ALTER CASING</div><div><input type="checkbox"/> CHANGE TUBING</div><div><input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS</div><div><input type="checkbox"/> FRACTURE TREAT</div><div><input type="checkbox"/> PLUG AND ABANDON</div><div><input type="checkbox"/> RECLAMATION OF WELL SITE</div><div><input type="checkbox"/> SIDETRACK TO REPAIR WELL</div><div><input type="checkbox"/> VENT OR FLARE</div><div><input type="checkbox"/> SI TA STATUS EXTENSION</div><div><input type="checkbox"/> OTHER</div></div> <div><div><input type="checkbox"/> CASING REPAIR</div><div><input type="checkbox"/> CHANGE WELL NAME</div><div><input type="checkbox"/> CONVERT WELL TYPE</div><div><input type="checkbox"/> NEW CONSTRUCTION</div><div><input type="checkbox"/> PLUG BACK</div><div><input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION</div><div><input type="checkbox"/> TEMPORARY ABANDON</div><div><input type="checkbox"/> WATER DISPOSAL</div><div><input type="checkbox"/> APD EXTENSION</div></div> <div>OTHER: <input type="text"/></div>	

SUE-ANN PRODUCTION COMPANY
SUMMARY DAILY ACTIVITY REPORT

PAGE
DATE 07/01/10

GINGER#	1	UNITAHFIELD TD	UNITAH COUNTY ELEV
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06/24/10 Projected TD: 2000'
Present Ops: MIRU LEON ROSS DRILLING RIG

08:00-16:00 MIRU Conductor Rig. Drl to 60' and set and cmt conductor at 60'. RD Conductor Rig.

06/25/10 Present Ops: RU RIG and Air Drill 12 1/4" hole to 600', TD 60'

08:00-16:00 MI LEON ROSS DRLG RIG, Mud logging trailer and other rental equipment

06/26/10 Present Ops: RIG SHUT DN for repairs until Wed 6/30/10, TD 160'

08:00-09:30 RU rig & air compressor. RIH w/12 1/4" hammer, bit, and 2 - 6" DCs

09:30-11:30 Spud 12 1/4" hole @ 9:30 am 6.25.10. Drl 12 1/4" hole from 60' (conductor depth) to 60'

11:30 Hydraulic pump on rig failed. Rig will not be repaired until Tuesday.

06/30/10 Present Ops: POH w/bit, RIH w/8 5/8" 24# surface csg. TD: 615'

08:00-10:00 Rig Repair

10:00-11:00 Drl F/160-190' @ 30 FPH

11:00-01:00 Rig Repair

01:00-07:00 Drl F/190-6156' @ 71 FPH. TD 12 1/4" hole @ 615'. POH & LD 3 jts. SDFN.

07/01/10 Present Ops: Weld on 11"300# SOW Wellhead. TD: 615'

08:00-09:30 RIH w/bit & tag btm @ 615'. POH, LD DP,DCs, & bit

09:30-11:00 RIH w/8 5/8" FS, 1 - 8 5/8" 24# J55 STC shoe jt, FC and 13 jts 8 5/8" 24# J55 STC csg. Set FS @ 605' & FC @ 559'

11:30-12:00 Hang csg on top of conductor & RDMO LEON ROSS DRLG RIG. RU BJ CMTRS

12:00-18:00 Cmt surf csg w/10 bbls of dyed gelled wtr, 5 bbls H2O, 438 sxs Class "G" cmt w/2% CaCl & .25#/sx cello flakes, (Cmt wt - 15.8 ppg, Yield - 1.17 cubic ft/sx) Displaced w/26.5 bbls of a planned 35.6 bbls & pressure spiked from 300# to 1000# Circ a small cmt of cmt to surface, but cmt fell downhole. WOC for 3 hrs. RIH w/1" pipe & tag cmt @ 35'. Top out cmt.

Richard w/Utah Dept of Oil, Gas & Minerals approved the 1" top out.
Notified Dan Jarvis for BOP teting & csg testing that will occur Friday 7.2.10.

RECEIVED July 15, 2010

SUE-ANN PRODUCTION COMPANY
SUMMARY DAILY ACTIVITY REPORT

PAGE
DATE 07/06/10

GINGER#	1	UNITAHFIELD TD	UNITAH COUNTY ELEV
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07/01/10 Present Ops: Weld on 11"300# SOW Wellhead. TD: 615'

08:00-09:30 RIH w/bit & tag btm @ 615'. POH, LD DP,DCs, & bit

09:30-11:00 RIH w/8 5/8" FS, 1 - 8 5/8" 24# J55 STC shoe jt, FC and 13 jts 8 5/8" 24# J55 STC csg. Set FS @ 605' & FC @ 559'

11:30-12:00 Hang csg on top of conductor & RDMO LEON ROSS DRLG RIG. RU BJ CMTRS

12:00-18:00 Cmt surf csg w/10 bbls of dyed gelled wtr, 5 bbls H2O, 438 sxs Class "G" cmt w/2% CaCl & .25#/sx cello flakes, (Cmt wt - 15.8 ppg, Yield - 1.17 cubic ft/sx) Displaced w/26.5 bbls of a planned 35.6 bbls & pressure spiked from 300# to 1000# Circ a small cmt of cmt to surface, but cmt fell downhole. WOC for 3 hrs. RIh w/1" pipe & tag cmt @ 35'. Top out cmt.

Richard w/Utah Dept of Oil, Gas & Minerals approved the 1" top out.
Notified Dan Jarvis for BOP teting & csg testing that will occur Friday 7.2.10.

07/02/10 Present Ops: MIRU Craig's Roustabouts Drilling RIG and RESUME DRLG.
TD: 615'

08:00-11:00 Dig out WH. Cut conductor & 8 5/8" 24% csg. Weld 11' - 3000# SOW wellhead and tst weld to 1000#. SDFN.

07/03/10 Present Ops: RIH w/7 7/8" bit & DC's. TD: 615'

06:00-08:00 MIRU Craig's ROustabout DRLG RIG & associated equipment. NU 11" 3000# BOP & chk manifold

08:00-11:00 Tst pipe rams to 1500#. Tst blind rams to 1500#. Tst sg to 700# for 30 mins.
RD Tsters

11:00-05:00 RU rotating head and fabricate flowline to reserve pit.

05:00-06:00 PU & RIH w/7 7/8" Smith bit on 6.5" DCs

07/04/10 Present Ops: DRLG @ 1188', TD 1188'

06:00-08:30 Finish RIh w/bit. Tag cmt @ 450'. RU mud system.

08:00-08:30 Drl cmt from 450-530'. CWC

09:00-09:30 Take SVY @ 500' - 2.5 degrees

09:30-10:30 Drl cmt from 530' to 615'

10:30-22:00 Drl 7 7/8" hole from 615' to 1030' @ 36 FPH running 20 pts on bit and back reaming each connection. CWC

22:00-23:00 Take SVY at 1000' - 4.5 degrees

2300-06:00 Drl 7 7/8" hole from 1030 to 1188' @ 23 FPH running 20-25 pts on bit and double back reaming each connection. CWC.

07/05/10 Present Ops: POOH for wiper trip, TD: 1680', MW 9.5 ppg, Vis 39

06:00-17:30 Drl from 1188-1410' @ 19.3 FPH

17:30-18:30 Circ for svy. Svy @ 1410'; was 5.5 degrees

18:30-03:30 Drl from 1410' to 1680' @ 30 FPH. Drld +-40' in Weber Sand w/top at 1640'.

03:30-06:00 Shut dn pumps to POH. Well continued to flow. Weight up mud from 8.8 to 9.5 ppg and pump around well. Well dead. Allowed +-4 bbls of kick on btm and did not see oil in pits after circ well.

RECEIVED July 15, 2010

SUE-ANN PRODUCTION COMPANY
SUMMARY DAILY ACTIVITY REPORT

PAGE
DATE 07/06/10

GINGER#	1	UNITAHFIELD TD	UNITAH COUNTY ELEV
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07/06/10 Present Ops: Logging w/triple combo & dipmeter, TD 1680', MW 9.5, Vis 39

06:00-16:00 POH w/DP & bit. PU DST equip & RIH w/same

16:00-18:00 Run drill stem tst on Weber Sand. Flowed 25 bbls of 100 ppm chloride wtr w/no oil stain to surface tnk. Shut DST Tool and POH w/DST tool. Rec 14 bbls wtr inside DP for a ttl of 38 bbls wtr.

18:00-02:00 POH w/DST Tools & LD same

02:00-06:00 Ru Baker Atlas to log well. Trk had computer problems. Drove to Vernal to PU different truck.

Note: Notified Dan Jarvis w/UDOGM for into to plug and for plugging instructions.

RECEIVED July 15, 2010

DAILY DRILLING REPORT

RECEIVED July 15, 2010

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-49049

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL ☒ GAS WELL ☐ DRY ☐ OTHER _____

b. TYPE OF WORK: NEW WELL ☒ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER _____

2. NAME OF OPERATOR:
SUE-ANN OPERATING, LC

3. ADDRESS OF OPERATOR: PO BOX 3910 CITY VICTORIA STATE TX ZIP 77901 PHONE NUMBER: (316) 576-6090

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: **845 FNL & 1100 FEL**
AT TOP PRODUCING INTERVAL REPORTED BELOW: **SAME AS ABOVE**
AT TOTAL DEPTH: **SAME AS ABOVE**

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME

8. WELL NAME and NUMBER:
GINGER #1

9. API NUMBER:
4304751097

10. FIELD AND POOL, OR WILDCAT
WILDCAT

11. QTR/OTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
SENE 2 6S 25E S

12. COUNTY
UINTAH 13. STATE
UTAH

14. DATE SPURRED: **6/25/2010** 15. DATE T.D. REACHED: **7/5/2010** 16. DATE COMPLETED: **7/7/2010** ABANDONED ☒ READY TO PRODUCE ☐

17. ELEVATIONS (DF, RKB, RT, GL):
5877

18. TOTAL DEPTH: MD **1,680** TVD **1,680** 19. PLUG BACK T.D.: MD **0** TVD **0** 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD **0** PLUG SET: TVD **0**

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)

TRIPLE COMBO & DIPMETER, DST

23. WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)
WAS DST RUN? NO ☐ YES ☒ (Submit report)
DIRECTIONAL SURVEY? NO ☒ YES ☐ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
12	8 5/8 J55	24#	0	615		"G" 438	36		

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(B)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(C)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

27. PERFORATION RECORD

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL

29. ENCLOSED ATTACHMENTS:

☒ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☒ DST REPORT ☐ DIRECTIONAL SURVEY
☒ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER: _____

30. WELL STATUS:

P & A

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31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:		TEST DATE:		HOURS TESTED:		TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
Weber	1,640		friable in part, relatively porous, abundantly oil stained, permiable		

35. ADDITIONAL REMARKS (Include plugging procedure)

plg 1680-1255 125 sx Class G, plug 1310', spot 50 sx plug from 660-498, cmt plug @525, pump 35sx cmt plug 60'-0

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) Ginger Bowden

TITLE Agent

SIGNATURE

Ginger Bowden

DATE 7/27/2010

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

COMPANY NAME:	Sue Ann Operating	
WELL NAME:	Ginger #1	
COMPANY REPRESENTATIVES:	Jeff Uecker, Bonner Sears	
SURFACE LOCATION	SE NE Sec 2 T6S R25E	
BOTTOM-HOLE LOCATION:	Uintah County, UT	
	Same	
LAT-LONG:	Lat 40.3333	
	Long -109.06491	
API NUMBER:	43-047-51097	
FIELD:	Wildcat	
ELEVATION:	5877' GL,	
	5879' KB Leon Ross drilling	5887'
	KB Craig's Roustabout drilling	
SPUD DATE:	6/25/2010	
DATE TD REACHED:	7/5/2010	
CONTRACTOR:	Leon Ross Drilling, 60'-615'	
	Craig's Roustabout Service 615'-1679' TD	
HOLE SIZE:	12 1/4"; 60'-615'	
	7 7/8"; 615'-1679'	
CASING:	9 5/8" set to 615'	
MUD COMPANY:	B&S Drilling fluids	
ENGINEER:	Steven Smith	
PROGRAM:	Air to surface casing point, LSND casing point to TD	
WELLSITE GEOLOGY:	Acme Geologic Consulting	
GEOLOGISTS:	Brian Reddick, Mark Denler	
LOGGING COMPANY:	Baker Atlas	
TOTAL DEPTH:	Driller: 2168' MD; Elogs: 1685'	
BOTTOM HOLE FORMATION:	Weber	
SAMPLE PROGRAM:	20' samples to Phosphoria top, 10' samples to TD	
WELL STATUS:	P&A	

Date	Midnight Depth	24 hr Footage	Activity	Personnel	Brian Geddes					Mark Denler						
					Work Days	Travel Days	Standby Days	4x4 Location Mileage	Highway Mileage	Lodging (amount)	Work Days	Travel Days	Standby Days	4x4 Location Mileage	Highway Mileage	Lodging (amount)
6/22/2010	60	60	Call from Jeff Uecker, leave Jonesbro Arkansas, drive to Salina Kansas, surface conductor set	BR		1		1371		\$78.93						
6/23/2010	60	0	Drive from Kansas to Grand Junction Co	BR		1				\$88.51						
6/24/2010	60	0	Pick up instruments, drive to location, no rig, drive to Vernal Utah to wait on rig	BR		1				\$123.21						
6/25/2010	160	100	Rig up, drill 60'-160', fan on main motor broken, wait on parts	BR	1.0			60		\$123.21						
6/26/2010	160	0	Standby in Salt Lake City	BR			1	130								
6/27/2010	160	0	Standby in Salt Lake City	BR			1									
6/28/2010	160	0	Standby in Salt Lake City, travel back to location	BR			1	130								
6/29/2010	615	455	Drive to location, begin drilling at 10:15, drill 160'-180', down for low hydraulic fluid at 10:30, resume drilling at 14:30, drill 180'-615', intermediate casing point	BR	1.0			60		\$199.26						
6/30/2010	615	0	RHh with casing to 605', pump cement, WOC	BR			1									
7/1/2010	615	0	WOC, rig down Leon Ross drilling and move off	BR			1									
7/2/2010	615	0	MIRU' Craig's Roustabout service rig, weld flow lines for mud drilling, test BOP, rig up mud logging equipment	BR	1.0					\$268.80						
7/3/2010	1061	446	TBL drill cement, resume drilling at 10:30, drill 615'-1061'	BR	1.0											
7/4/2010	1575	514	Drill 1061'-1575'	BR	1.0											
7/5/2010	1679	104	Drill 1575'-1679', circ & cond for DST. Mark Denler arrives on location on 16:00. Run DST, no oil in returns. Plug and abandon. Released from location 18:00. Rig down equipment.	BR, MD	1.0						1.0					
7/6/2010			Travel	MD		1					1.0					
7/7/2010			Travel			1		1371								

BIT RECORD

#	MAKE	TYPE	SIZE	DEPTH IN	DEPTH OUT	FOOTAGE	HOURS RUN
1	Hammer		12 1/4"	60	615	555	5
2	STC	FHI21B	7 7/8"	615	1679	1064	30
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							

MUD RECORD

DATE	DEPTH	WT	VIS	DATE	DEPTH	WT	VIS
6/25/2010	160	AIR					
6/29/2010	615	AIR					
7/3/2010	740	8.7	42				
7/3/2010	1000	8.6+	40				
7/4/2010	1191	8.7	39				

DEVIATION SURVEYS:

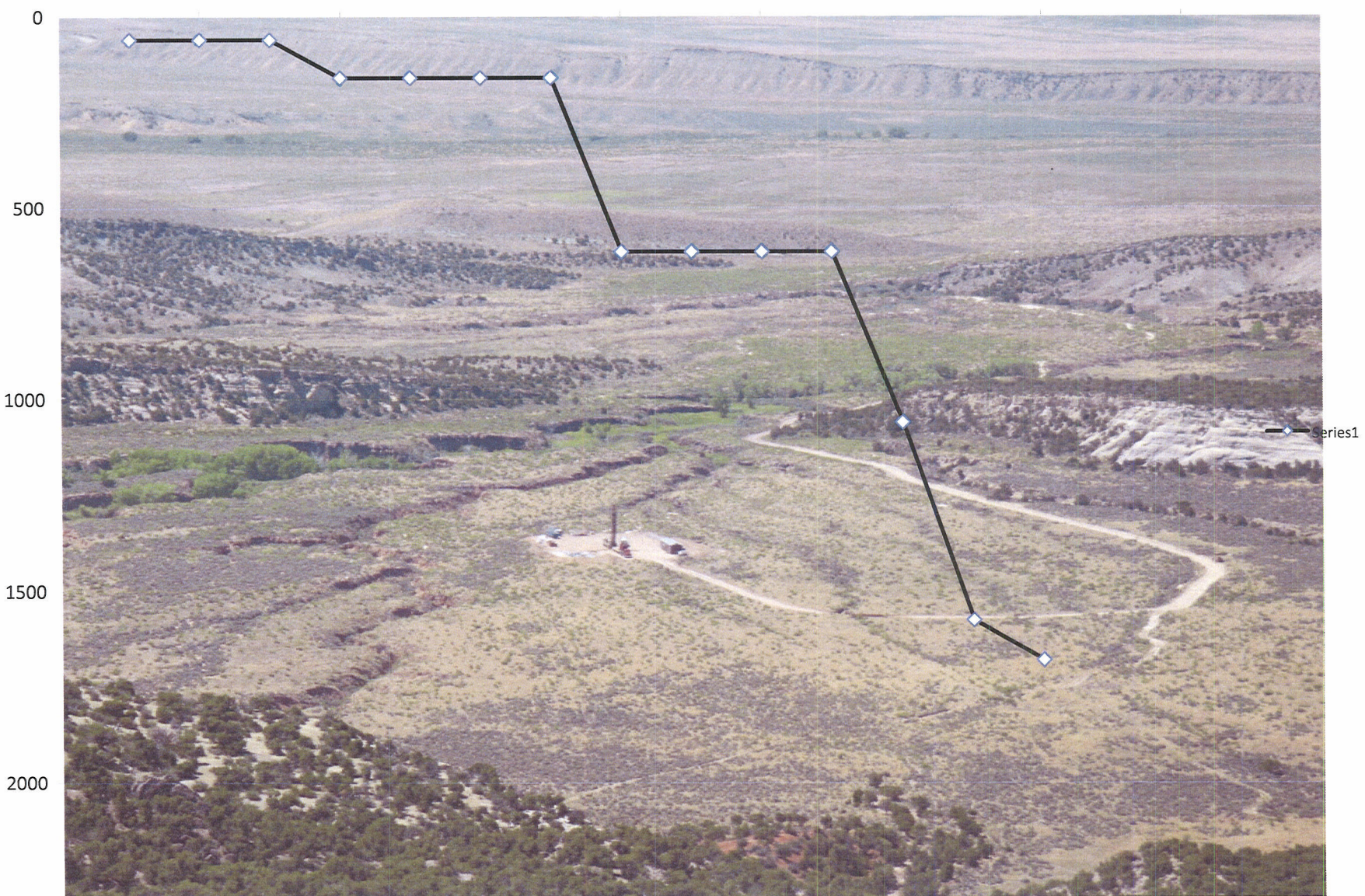
Depth	Inclination	Direction	Mag Int	Temp
500	2.5			
1000	4.5			
1390	5.5			

Measured from KB elevation:

5887 ft

<u>FORMATION</u>	<u>Sample Top MD (ft)</u>	<u>Sub sea</u>	<u>Elog top</u>	<u>Comments</u>
Navajo	0	5887		
Chinle	631	5256		
Chinle Shale	734	5153		
Shinarump	804	5083		
Moenkopi	850	5037		
Moenkopi Marker	935	4952		
Anhydrite	1105	4782		
Phosphoria RBS	1408	4479		
Phosphoria 1	1460	4427		
Phosphoria 2	1502	4385		
Weber	1640	4247		
TD				

6/21/2010 6/23/2010 6/25/2010 6/27/2010 6/29/2010 7/1/2010 7/3/2010 7/5/2010 7/7/2010 7/9/2010



Phone: (432) 756-5551
Cell: (575) 390-3070

BULLDOG TESTERS

WELL TEST REPORT

Technical Services
(888) 389-8389

CONFIDENTIAL

Well Owner: Sue-Ann Operating LC
Well Name & Number: Ginger 1
Location: S-2 T-6S R-25E
Test Number: 1
Service Order Number: 9199

Test Interval: 1633'- 1680'
Field: Wildcat
County: Uintah
State: Utah
Bulldog Technician: Mark Luna

TEST SEQUENCE					TOOL SEQUENCE				
Description	Date	Time	Pressure	Mcf/D	Component	OD (in)	ID (in)	Length (ft)	Depth (ft)
Set packer	07/05/2010	16:56			Drillpipe	4.00	2.75	1290.92	
Start flow on 1/8" choke		16:59	2.0"		Crossover sub	6.00	2.25	3.02	
		17:02	12.0"		Drillcollars	6.00	2.25	207.11	
		17:03	3.0 psi		Circulating sub	6.00	2.25	1.00	
		17:04	4.0		Drillcollars	6.00	2.25	87.61	
End flow - Start shut in		17:09	10.0		Crossover sub	6.00	2.25	1.00	
End shut in		18:09			Recorder (above tool)	5.00	1.12	5.69	1591
Start flow on 1/2" choke		18:09	1.0 oz		Shutin tool/Sampler	5.00	0.69	9.63	1596
		18:14	1.0		Hydraulic tool	5.00	1.18	5.21	
Fluid to surface		18:19	5.0 psi		Recorders (interval)	5.00	1.12	5.69	1611 / 13
Watery mud to pit		18:24	6.0		Jars	5.00	1.87	5.68	
		18:29	7.0		Packer	7.00	1.50	6.22	1627
		18:34	7.0		Packer	7.00	1.50	6.22	1633
		18:39	7.5		Perfs	5.00	3.00	44.00	
Water to test tank		18:44	12.0		Bullnose	6.00	0.00	1.00	1680 TD
		18:49	12.0						
		18:54	12.0						
		18:59	12.0						
		19:04	12.0						
End flow - Start shut in		19:09	12.0						
End shut in		19:39							
Pulled tool		19:40							

Flowed 25.0 barrels during final flow period.

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Report Prepared by: Michael Hudson



DIV. OF OIL, GAS & MINING

BULLDOG TESTERS

WELL TEST REPORT

Well Owner: Sue-Ann Operating LC
 Well Name & Number: Ginger 1
 Location: S-2 T-6S R-25E
 Test Number: 1
 Service Order Number: 9199

Test Interval: 1633'- 1680'
 Field: Wildcat
 County: Uintah
 State: Utah
 Bulldog Technician: Mark Luna

Open attachment for pressure data file

INSTRUMENT DATA				WELL DATA	
Instrument Number:	75179	70420	71158	Mud Type: Fresh Water Gel	Mud Wt.: 9.3
Capacity (psig)	10000	10000	10000	Viscosity: 39	Water Loss: 8.5
Depth (ft)	1613	1611	1591	Resistivity of Mud:	10.77 @ 70 deg F
Inside / Outside	Inside	Inside	Above Tool	Resistivity of Filtrate:	
Clock Capacity:	Elec	Elec	Elec	Chlorides:	500
Temperature (f)	71	71	70	H2S During Test:	
Initial Hydrostatic:	803	801		Formation:	Weber
Pre-Flow:	574 to 722	569 to 717	35 to 571	Net Pay	40'
Initial Shut-in:	787	784	553	Elevation:	5877' GL
2nd Flow:			No leaks	Total Measured Depth:	1680'
2nd Shut-in:			in string	Open Hole Size:	7 7/8"
Final Flow:	700 to 768	697 to 765	553 to 735	Casing Size:	8 5/8"
Final Shut-in:	787	784	723	Cushion:	
Final Hydrostatic:	801	799		Bottom Choke Size:	0.68

PIPE RECOVERY

Flowed 25 barrels to surface during test - Rw: 52.29 @ 70 deg F/100 ppm Cl
 1596' Water in string = 13.0 bbl.

Top Rw: 52.29 @ 70 deg F/100 ppm Cl
 Middle Rw: 52.29 @ 70 deg F/100 ppm Cl
 Bottom Rw: 52.29 @ 70 deg F/100 ppm Cl

SAMPLER REPORT

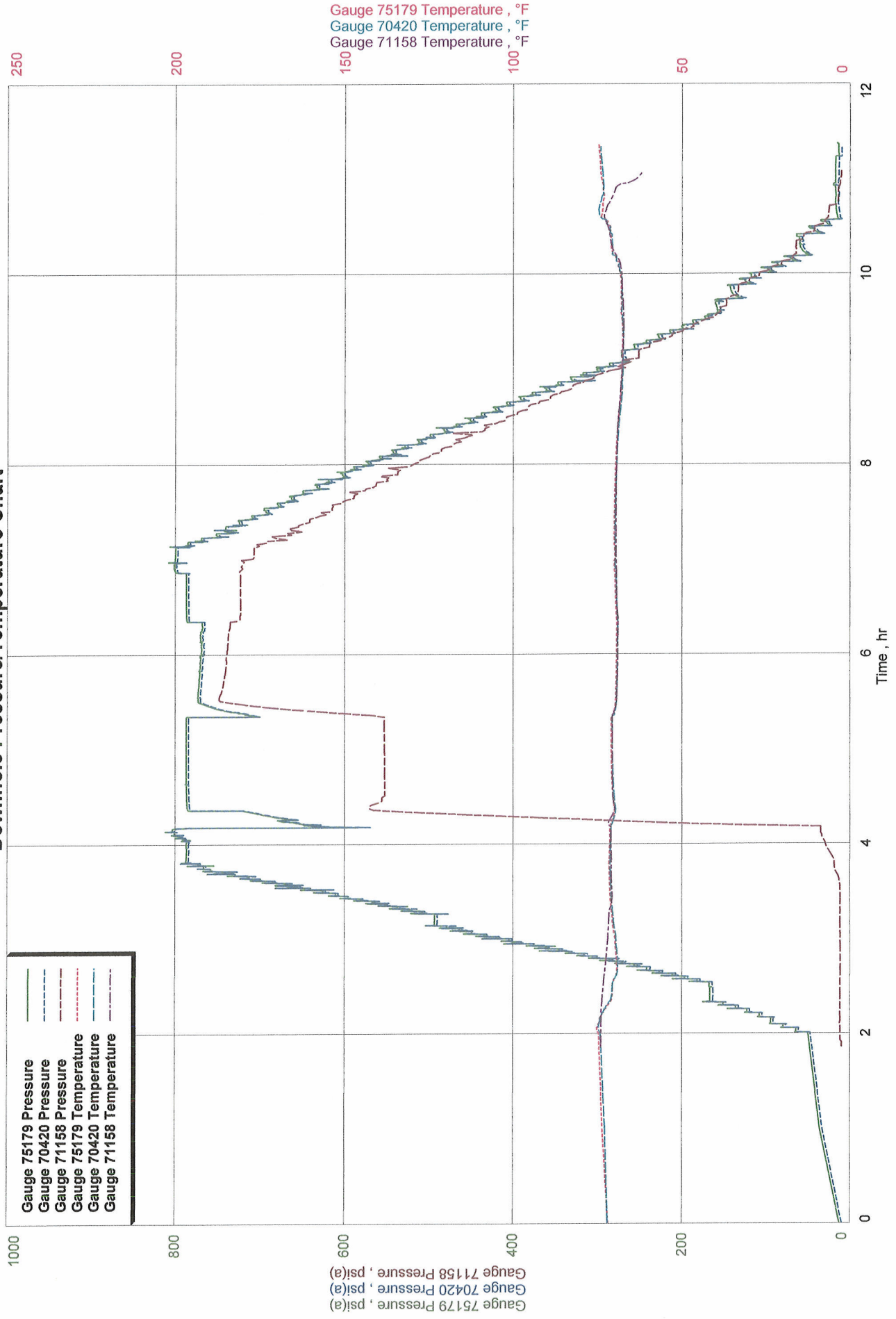
Total Volume of Sample:	2000	CC	
Pressure in Sampler:	786	Psi	
Gas:	0	Cu.Ft.	
Oil:	0	CC	Gravity:
Water:	2000	CC	Resistivity: 52.29 @ 70 deg F/100 ppm Cl
Mud:		CC	Resistivity:



Sue-Ann Operating LC
Interval: 1633'- 1680'

Ginger 1, Dst 1
Formation: Weber

Downhole Pressure/Temperature Chart

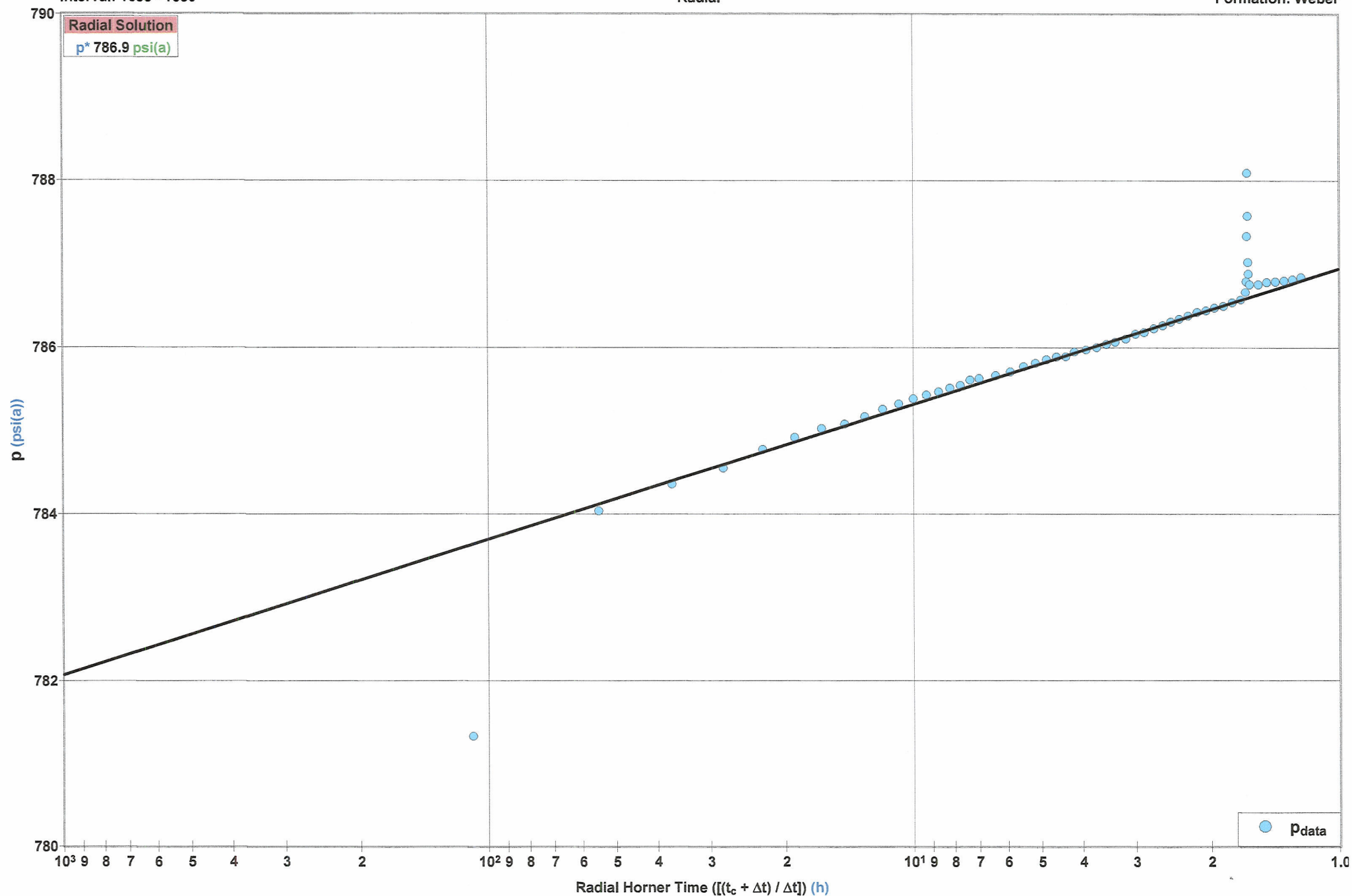


Sue-Ann Operating LC
Interval: 1633'- 1680'

Diagnostic Plot - Shut In 1

Radial

Ginger 1, Dst 1
Formation: Weber

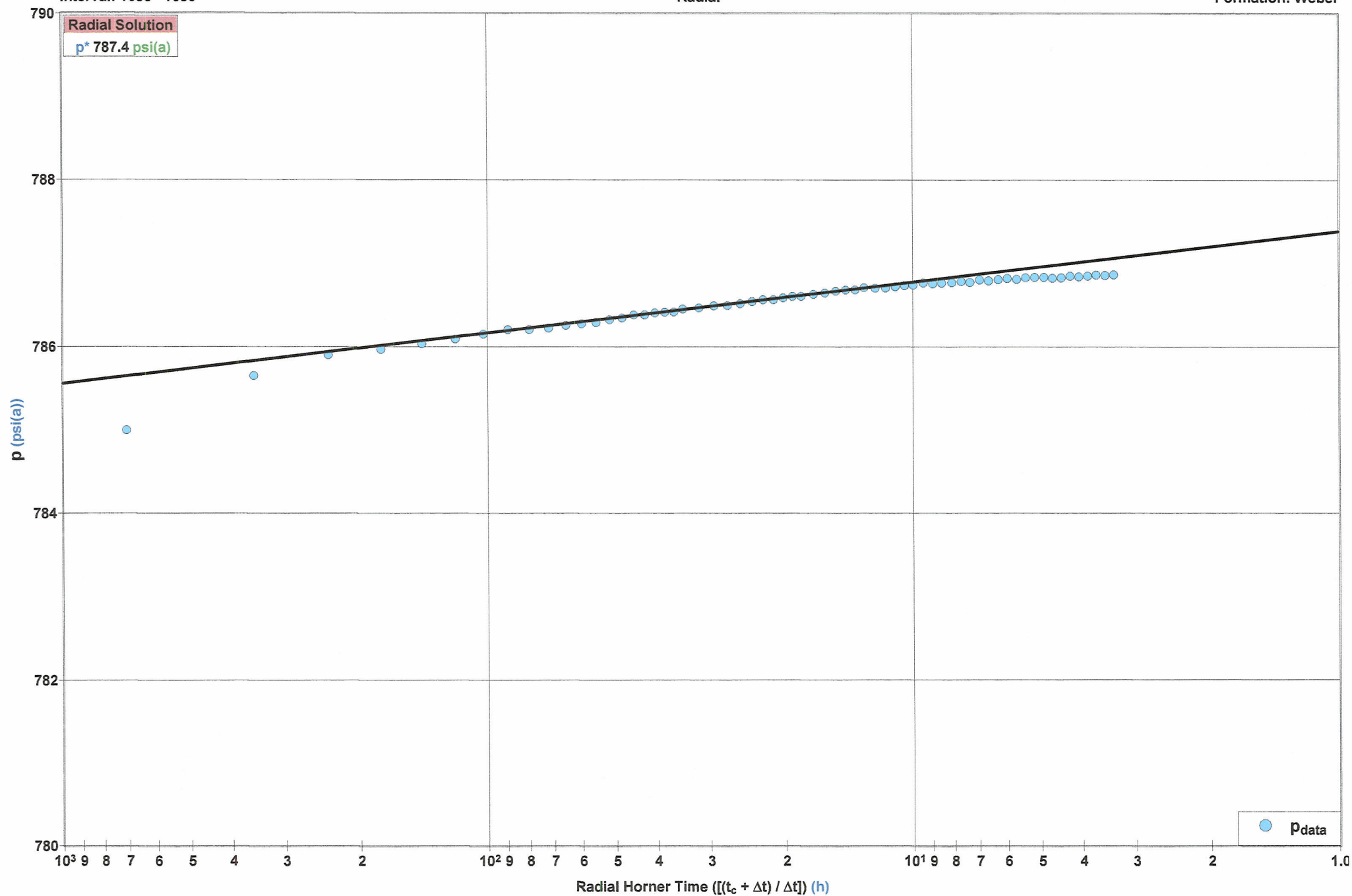


Sue-Ann Operating LC
Interval: 1633'- 1680'

Diagnostic Plot - Shut In 2

Radial

Ginger 1, Dst 1
Formation: Weber

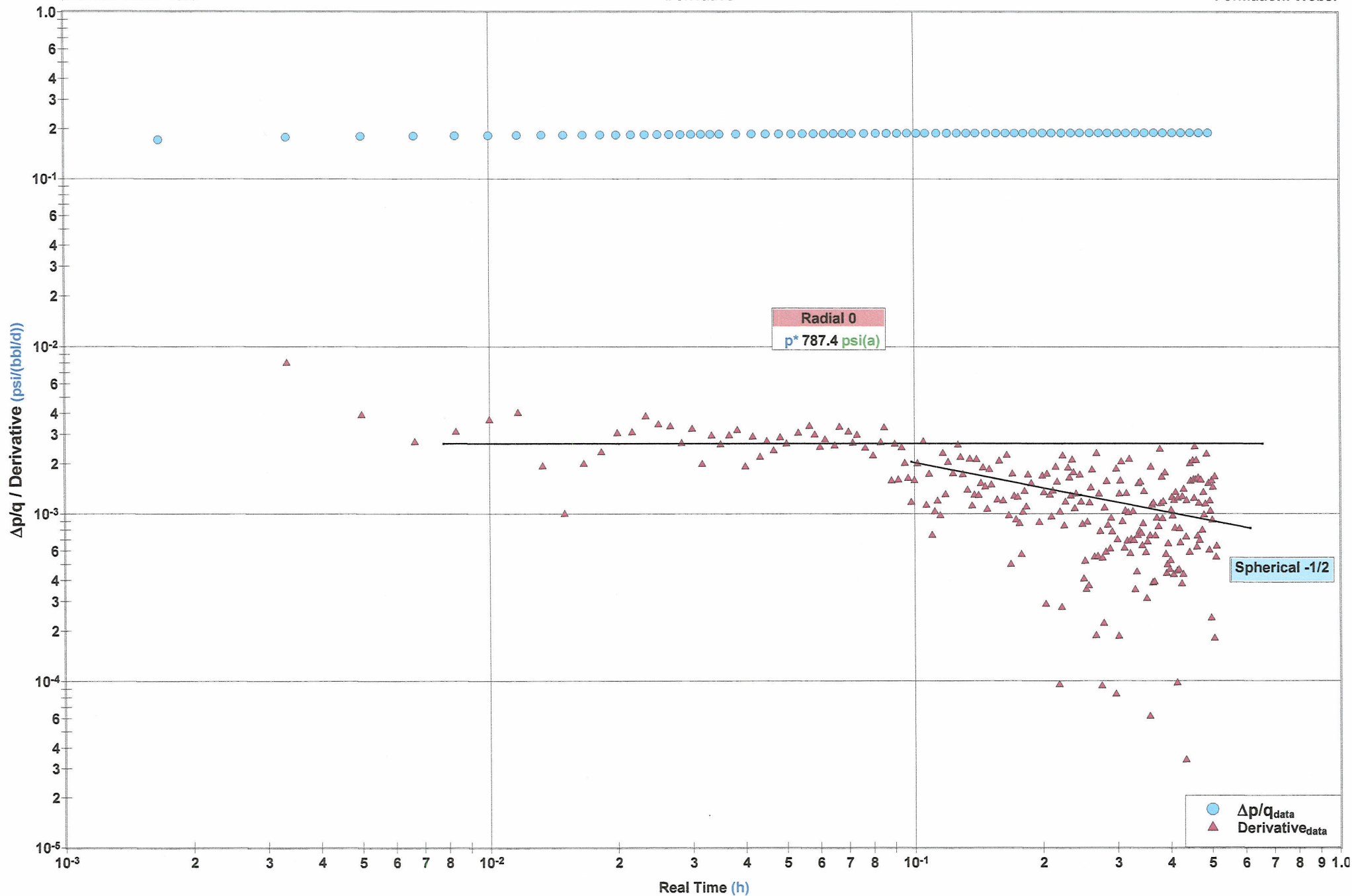


Sue-Ann Operating LC
Interval: 1633' - 1680'

Diagnostic Plot - Shut In 2

Derivative

Ginger 1, Dst 1
Formation: Weber



STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9			
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-49049			
1. TYPE OF WELL		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: NA			
2. NAME OF OPERATOR: SUE-ANN OPERATING, LC		7. UNIT or CA AGREEMENT NAME:			
3. ADDRESS OF OPERATOR: PO Box 3910 , Victoria, TX, 77903		8. WELL NAME and NUMBER: GINGER #1			
4. LOCATION OF WELL FOOTAGES AT SURFACE: 0845 FNL 1100 FEL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SENE Section: 02 Township: 06.0S Range: 25.0E Meridian: S		9. API NUMBER: 43047510970000			
10. FIELD and POOL or WILDCAT: WILDCAT		COUNTY: UINTAH			
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		STATE: UTAH			
TYPE OF SUBMISSION <input type="checkbox"/> NOTICE OF INTENT Approximate date work will start: <input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 3/30/2011 <input type="checkbox"/> SPUD REPORT Date of Spud: <input type="checkbox"/> DRILLING REPORT Report Date:	TYPE OF ACTION <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER </td> <td style="width: 33%; vertical-align: top;"> <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/> </td> </tr> </table>		<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input checked="" type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
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12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. The operator respectfully request all bonds, associated with the subject location, because the well was plugged and abandon. A post drill onsite was held on March 30, 2011.					
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY					
NAME (PLEASE PRINT) Ginger Bowden	PHONE NUMBER 435 789-4162	TITLE Agent			
SIGNATURE N/A	DATE 4/11/2011				